Supreme Court, U.S.
FILED
95 1115 JAN 9 - 1996
OFFICE OF THE CLERK

No. 95-

IN THE
Supreme Court of the United States

OCTOBER TERM, 1995

FLAKT, INC.,

Petitioner,

v.

JOY TECHNOLOGIES, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

RONALD J. ST. ONGE
Counsel of Record
ST. ONGE STEWARD JOHNSTON & REENS
986 Bedford Street
Stamford, Connecticut 06905
(203) 324-6155

WILLIAM J. SPERANZA
ST. ONGE STEWARD JOHNSTON & REENS
986 Bedford Street
Stamford, Connecticut 06905

Counsel for Petitioner

January 9, 1996

BATEMAN & SLADE, INC. BOSTON, MASSACHUSETTS

53 pp

QUESTIONS PRESENTED

1. Does not the plain meaning of Rule 19(a) of the Federal Rules of Civil Procedure preclude joinder of a person as an "involuntary plaintiff" to an action where the person is not "subject to service of process"?

2. Does not Fed. R. Civ. P. 19 control on questions of joinder, such that application of the pre-Rule procedure of *Independent Wireless Telephone Co. v. Radio Corp. of America*, 269 U.S. 459 (1926), wherein a patent licensee's infringement action was saved from dismissal by allowing the absent patent owner who was "beyond the reach of process" to be "made co-plaintiff by the licensee," no longer is permissible?

3. May a district court in a patent infringement action brought by a licensee disregard the plain meaning of Fed. R. Civ. P. 19 by permitting joinder of an absent patent owner as an "involuntary plaintiff" to save the action from dismissal, when the owner is a foreign company not subject to the court's jurisdiction, thereby disabling the defendant from obtaining relevant discovery, while the patent owner nevertheless actively controls the action and fully cooperates with its licensee to facilitate prosecution of the action?

[This page is intentionally left blank.]

TABLE OF CONTENTS

QUESTIONS PRESENTED i
TABLE OF AUTHORITIES iv
OPINIONS BELOW 1
JURISDICTION 2
STATUTORY PROVISIONS INVOLVED 2
STATEMENT OF THE CASE 4
REASONS FOR GRANTING THE WRIT 7
I. The Federal Circuit Decided an Important Question of Federal Law Which Has Not Been, but Clearly Should Be, Settled By This Court . 7
A. This Court Should Decide Whether the Plain Meaning of Fed. R. Civ. P. 19 Limits Application of the "Involuntary Plaintiff" Technique To Those Situations Where the Person to be Joined Is Subject To Personal Jurisdiction of the Court 10
B. This Court Should Decide Whether Rule 19 Controls Joinder Determinations in Federal Civil Actions, and Supersedes Prior "Rules," Such As the Involuntary Plaintiff Technique of *Independent Wireless*, That Are Inconsistent or In Conflict with Rule 19 13
II. This Court Should Resolve the Conflict Within the Federal Circuit, and Between the Federal Circuit and the District Courts, over Whether the "Involuntary Plaintiff" Procedure of *Independent Wireless* Survived the Enactment of the 1966 Amended Version of Fed. R. Civ. P. 19 18
A. Substantial Conflicts Exist Within and Among the Lower Courts over the Involuntary Plaintiff Procedure 19
CONCLUSION 22
APPENDICES

TABLE OF AUTHORITIES

CASES

Abbott Laboratories. v. Diamedix Corp., 47 F.3d 1128 (Fed. Cir. 1995) 8

Black & Decker Manufacturing Co. v. Hempe Manufacturing Co., 420 F. Supp. 874 (E.D. Wis. 1976) . . 21

Bourjaily v. United States, 483 U.S. 171 (1987) 16

Business Guides, Inc. v. Chromatic Communications Enterprises, Inc., 498 U.S. 533 (1991) 11

Calgon Corp. v. Nalco Chemical Co., 726 F. Supp. 983 (D. Del. 1989) 20

Catanzaro v. International Telephone & Telegraph Corp., 378 F. Supp. 203 (D. Del. 1974) . 8, 12, 13, 17, 20, 21

Contracting Division, A.C. Horn Corp. v. New York Life Insurance Co., 113 F.2d 864 (2d Cir. 1940) . . . 14

Daubert v. Merrell Dow Pharmaceuticals, Inc., 113 S. Ct. 2786 (1993) 15, 16

Dayton Independant School District v. U.S. Mineral Products Co., 906 F.2d 1059 (5th Cir. 1990) 7

Dentsply International Inc. v. Centrix, Inc., 553 F. Supp. 289 (D. Del. 1982) 20

Dublin Water Co. v. Delaware River Basin Commission, 443 F. Supp. 310 (E.D. Pa. 1977) 21

Erbamont Inc. v. Cetus Corp., 720 F. Supp. 387 (D. Del. 1989) 17, 18, 20

Ferrara v. Rodale Press, Inc., 54 F.R.D. 3 (E.D. Pa. 1972) 19, 20, 21

First Financial Marketing Services Group, Inc. v. Field Promotions, Inc., 286 F. Supp. 295 (S.D.N.Y. 1968) . 21

Frye v. United States, 293 F. 1013 (D.C. Cir. 1923) . . 16

TABLE OF AUTHORITIES (CONT'D)

Gangemi v. Moor, 268 F. Supp. 19 (D. Del. 1967) . . . 11
Goldhaft v. Moorhouse, 306 F. Supp. 533 (D. Minn. 1969) 21
Griggs v. Provident Consumer Discount Co., 459 U.S. 56 (1982) 7
Hooker Chemical & Plastics Corp. v. Diamond Shamrock Corp., 520 F. Supp. 204 (W.D.N.Y. 1981) . . . 21
Howes v. Medical Components, Inc., 698 F. Supp. 574 (E.D. Pa. 1988) 21
In re Tetracycline Cases, 107 F.R.D. 719 (W.D. Mo. 1985) 11
Independent Wireless Telephone Co. v. Radio Corp. of America, 269 U.S. 459 (1926) . . . . . *passim*
International Shoe Co. v. State of Washington, 326 U.S. 310 (1945) 17, 20
Joy Technologies, Inc. v. Flakt, Inc., 772 F. Supp. 842 (D. Del. 1991) 1
Messerschmitt-Boelkow-Blohm GmbH v. Hughes Aircraft Co., 483 F. Supp. 49 (S.D.N.Y. 1979) 21
Micro-Acoustics Corp. v. Bose Corp., 493 F. Supp. 356 (S.D.N.Y. 1980) 21
Norvell v. McGraw-Edison Co., 270 F. Supp. 57 (W.D. Wis. 1967) 21
Parkson Corp. v. Fruit of the Loom Inc., 28 U.S.P.Q. 2d (BNA) 1066 (E.D. Ark. 1992) 8, 12, 18
Pavelic & LeFlore v. Marvel Entertainment Group, 493 U.S. 120 (1989) 11
Pfizer Inc. v. Elan Pharmaceutical Research Corp., 812 F. Supp. 1352 (D. Del. 1993) 20
Provident Tradesmens Bank & Trust Co. v. Patterson, 390 U.S. 102 (1968) 10, 15
Refac International Ltd. v. Mastercard International F.W., 758 F. Supp. 152 (S.D.N.Y 1991) 21

TABLE OF AUTHORITIES (CONT'D)

SIG Swiss Industrial Co. v. Fres-Co System U.S.A. Inc., 20 U.S.P.Q.2d (BNA) 1148 (E.D. Pa. 1991) . 8, 12, 21

Tol-O-Matic, Inc. v. Proma Produkt-Und Marketing Gesellschaft m.b.H., 690 F. Supp. 798 (D. Minn. 1987) 21

Tycom Corp. v. Redactron Corp., 380 F. Supp. 1183 (D. Del. 1974) 15, 20

Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A., 944 F.2d 870 (Fed. Cir. 1991) 8

Windsurfing International, Inc. v. Ostermann G.m.b.H., 100 F.R.D. 82 (S.D.N.Y. 1983) 21

World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286 (1980) 12

STATUTES AND RULES.

United States Code

28 U.S.C. § 1254(1) (1993) 2
28 U.S.C. § 1292(c)(2) (1993) 6
28 U.S.C. § 1295 (1993) 6, 19
28 U.S.C. § 1338(a) (1993) 4
28 U.S.C. § 2072 (1948) 15
28 U.S.C. § 2072 (1994) 2
28 U.S.C. app. (1992) 2
35 U.S.C. § 100(d) (1984) 17
35 U.S.C. § 281 (1984) 17

Supreme Court Rules

Rule 10.1(a) 18
Rule 13 2
Rule 14.1(b) 1
Rule 29.1 1

TABLE OF AUTHORITIES (CONT'D)

Federal Rules of Civil Procedure

Rule 1 9
Rule 19 . . . . . *passim*
Rule 82 14

Federal Rules of Evidence

Rule 104(a) 16
Rule 702 16

MISCELLANEOUS.

Working for Our Customers: A Patent and Trademark Review, Fiscal Year 1994 9

No. 95-

IN THE

Supreme Court of the United States

OCTOBER TERM, 1995

FLAKT, INC.,

Petitioner,

v.

JOY TECHNOLOGIES, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

OPINIONS BELOW

The opinion of the U.S. District Court for the District of Delaware, permitting the joinder of the patent owner, Niro A/S of Denmark, as an "involuntary plaintiff" to the patent infringement action brought by its licensee, Joy Technologies, Inc. ("Joy") against Flakt, Inc. ("Flakt"),[1] thus saving the case from dismissal, is reported at 772 F. Supp. 842 (1991), and is reprinted as Appen-

---

[1] As required by Rule 14.1(b) of this Court's Rules, it is noted that the parties to the proceedings below were Joy Technologies, Inc., as plaintiff and appellee, and Flakt, Inc., as defendant-apellant. Niro A/S, the involuntary plaintiff, did not appear in the district court action or in the appellate proceedings.

As required by Supreme Court Rule 29.1, the Court is advised that Flakt, Inc. has since been named ABB Flakt, Inc., and is a subsidiary of ABB, Inc.

dix C. (*see* , in particular, A15 - A20.) The initial opinion of the U.S. Court of Appeals for the Federal Circuit of July 11, 1995, which deemed the Fed. R. Civ. P. 19 issue "moot," is reprinted as Appendix B. (*see*, in particular, A6 n.3.) The October 11, 1995 modification of that opinion upon grant of Flakt's petition for rehearing, and in which the Court of Appeals for the Federal Circuit addressed the Rule 19 issue, is reprinted as Appendix A.

JURISDICTION

The initial decision of the Court of Appeals for the Federal Circuit was announced on July 11, 1995. Flakt's timely petition for rehearing and suggestion for rehearing *in banc* was granted on October 11, 1995, "for the purpose of modifying the opinion issued on July 11, 1995." (A1.) The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1) (1993). *See also*, Sup. Ct. R. 13.1, 13.4.

STATUTORY PROVISIONS INVOLVED

The Federal Rules of Civil Procedure, 28 U.S.C. app. (1992), are promulgated by this Court pursuant to the authority granted to it under the Rules Enabling Act, 28 U.S.C. § 2072 (1994). Rules 19(a) and 19(b) of the Federal Rules of Civil Procedure, at issue herein, as last substantively amended in 1966, provide:

> **Rule 19. Joinder of Persons Needed For Just Adjudication**
>
> **(a) Persons to be Joined if Feasible.** A person who is subject to service of process and whose joinder will not deprive the court of jurisdiction over the subject matter of the action shall be joined as a party in the action if (1) in the person's absence complete relief can-

not be accorded among those already parties, or (2) the person claims an interest relating to the subject of the action and is so situated that the disposition of the action in the person's absence may (i) as a practical matter impair or impede the person's ability to protect that interest or (ii) leave any of the persons already parties subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations by reason of the claimed interest. If the person has not been so joined, the court shall order that the person be made a party. If the person should join as a plaintiff but refuses to do so, the person may be made a defendant, or, in a proper case, an involuntary plaintiff. If the joined party objects to venue and joinder of that party would render the venue of the action improper, that party shall be dismissed from the action.

(b) Determination by Court Whenever Joinder not Feasible. If a person as described in subdivision (a)(1)-(2) hereof cannot be made a party, the court shall determine whether in equity and good conscience the action should proceed among the parties before it, or should be dismissed, the absent person being thus regarded as indispensable. The factors to be considered by the court include: first, to what extent a judgment rendered in the person's absence might be prejudicial to the person or those already parties; second, the extent by which, by protective provisions in the judgment, by the shaping or relief, or other measures, the prejudice can be lessened or avoided; third, whether a judgment rendered in the person's absence will be adequate; fourth, whether the plaintiff will have an adequate remedy if the action is dismissed for nonjoinder.

STATEMENT OF THE CASE

Flakt was sued by Joy, in the U.S. District Court for the District of Delaware, for infringement of U.S. Patent No. 4,279,873 ("'873 patent"); jurisdiction was pursuant to 28 U.S.C. § 1338(a) (1993) (effective Dec. 24, 1970).

Joy was not (nor has it ever been) the owner of the '873 patent. The patent is owned by the Danish company Niro A/S (previously known as A/S Niro Atomizer), and Joy was granted a license under the patent in 1985. (A10.) One week before the suit was commenced in September 1989, Niro and Joy entered into an agreement purporting to grant Joy the "exclusive" right to bring suit "against Flakt." The agreement provided that Niro would bear one-half of the attorneys fees and expenses; be entitled to one-half of the net proceeds of the action; have veto power over settlement; and would cooperate with Joy in prosecuting the action, including "providing [Joy] information, technical support, witnesses and the like." (A12.)

Depositions early in the action established that Niro was involved in the suit at the highest levels. Indeed, Joy counsel asserted in depositions that "communications between [Joy and Niro] are protected by attorney work product and common interest between Joy and Niro." (Kaplan Dep. dated Mar. 22, 1990 at 57.) Early discovery also established that Niro was uniquely in possession of information and documents relevant to the patented invention and to invalidity and unenforceability defenses Flakt had raised.

Flakt moved to dismiss the action for Joy's lack of standing and absence of indispensable party Niro. The district court, in rulings from which no appeal has ever been taken by Joy, determined that:

(a) Joy did not have standing to bring the action and was merely an "enhanced licensee" (A15 - A17.);

(b) Pursuant to analysis under Rule 19(a) and 19(b), Fed. R. Civ. P., "an adequate and binding remedy cannot be secured without the presence of Niro" (A17 - A19.); and

(c) "Niro, a Danish corporation, is beyond the jurisdiction of the Court and has refused to join the action voluntarily . . . ." (A19.).

Notwithstanding these findings, the district court refused to dismiss the action. Instead, it granted Joy leave to join Niro as "an involuntary plaintiff pursuant to Fed. R. Civ. P. 19(a)," and permitted the action to proceed against Flakt. (A20.)

As Niro had now been made a "party" to the action, Flakt sought discovery from Niro under the discovery provisions of the Federal Rules of Civil Procedure applicable to parties. Niro refused to provide discovery in response thereto, and in response to Flakt's motion to compel, Niro counsel advised the district court that:

> Niro is a Danish corporation over which this court does not have jurisdiction . . . .
>
> . . . Because Niro is an involuntary plaintiff in the above action and, therefore, not appropriately the subject of written discovery requests by Flakt, Inc., I do not anticipate that Niro will be in a position to respond to either the written discovery requests or to the motion filed against it.

Letter from James Doub, Niro counsel, to Delaware District Court (October 1, 1991). The district court, despite being powerless to compel Niro to respond to discovery requests owing to the absence of jurisdiction over Niro, nevertheless still permitted the action to proceed based solely upon Niro's indication that it would voluntarily "cooperate" in producing documents. (District Court Hearing of October 15, 1991.) Some documents were in fact produced by Niro very shortly before trial began, but the district court ignored that there was no means to determine whether Niro had produced all relevant

documents, or indeed if all relevant information possessed by Niro was even contained solely in documents.[2]

In a bifurcated proceeding, trial of liability issues to a jury resulted in entry of judgment of infringement in favor of Joy on February 3, 1992. Post-trial motions were denied on March 31, 1993.

Flakt timely appealed the final judgment of liability to the Court of Appeals for the Federal Circuit ("Federal Circuit"), (28 U.S.C. §§ 1295(a)(1), 1292(c)(2) (1993)), specifically raising, *inter alia*, the question of whether the district court was permitted to save the action from dismissal through "joinder" of Niro by the artifice of the "involuntary plaintiff" procedure.

In an opinion of July 11, 1995, the Federal Circuit panel affirmed the liability judgment and determined that, in view of subsequent action taken by the district court, long after Flakt had lodged its notice of appeal, the questions of Joy's standing and the impropriety of Niro's joinder as an involuntary plaintiff were "moot."[3] In a timely petition for rehearing, Flakt urged that the panel determination of mootness was incorrect because Flakt's filing of its notice of appeal had divested the

---

[2] The Hague Convention did not afford Flakt a vehicle for obtaining discovery from Niro. As ratified by Denmark, the Convention expressly prohibits letters of request issued for the purpose of obtaining pre-trial discovery of documents, and further prohibits requests that require a person to state what documents relevant to the proceedings are in his possession, or to produce any documents other than those that are identified with "particularity" by the requestor.

[3] (A6 n.3.) Although not readily apparent from the panel statement in the July 11 opinion, what the district court had done was to grant, over Flakt objection, a joint motion by Joy and Niro to permit Niro—which had refused to voluntarily join the liability phase proceedings—to then voluntarily join in the post-liability judgment (and post-liability appeal) damages proceedings as a full party plaintiff, and to assert therein its own claims for damages against Flakt. (A2.)

district court of authority to enter subsequent orders affecting matters on appeal.[4]

The Federal Circuit panel granted Flakt's petition for rehearing for the sole purpose of amending its July 11 opinion. In an Order of October 11, 1995 (A1.), the panel amended its previous opinion, this time reaching and deciding the Rule 19 issue as follows:

> Flakt also argues that the District Court erred in permitting Niro to be added as an involuntary plaintiff. We disagree. The 1966 amendment to Rule 19(a) did not fundamentally change the meaning of the term "involuntary plaintiff" as Flakt contends.

(A1 - A2.) A timely suggestion by Flakt for *in banc* consideration of this panel holding was treated by the Federal Circuit as a request for rehearing. Rehearing was denied, and the *in banc* suggestion declined, on December 6, 1995.

REASONS FOR GRANTING THE WRIT

I. The Federal Circuit Decided an Important Question of Federal Law Which Has Not Been, but Clearly Should Be, Settled By This Court

In this case, the Federal Circuit held that it is permissible to join a person as an "involuntary plaintiff" in an action and thus save the action from dismissal, even though no jurisdiction over the person exists in the district court.

---

[4] *See, e.g., Griggs v. Provident Consumer Discount Co.*, 459 U.S. 56, 58 (1982); *Dayton Indep. Sch. Dist. v. U.S. Mineral Prods. Co.*, 906 F.2d 1059, 1063-64 (5th Cir. 1990).

In so doing, the Federal Circuit, with no apparent reasoned analysis,[5] concluded that Fed. R. Civ. P. 19(a) should be interpreted to permit this procedure, a procedure having its origin in this Court's 1926 decision in *Independent Wireless Telephone Co. v. Radio Corp. of America*, 269 U.S. 459.

The plain meaning of Rule 19(a) is to the contrary, a conclusion that has been reached by district courts in at least three different judicial districts.[6] The procedure of *Independent Wireless* is at odds with the plain meaning of the Rule, and the "involuntary" joinder in an action of a person over whom *in personam* jurisdiction does not exist is at odds with contemporary notions of due process.[7]

The interpretation of a Federal Rule of Civil Procedure, promulgated with the authority of the Supreme Court, and particularly one in facial conflict with a pre-Rule decision of the Supreme Court, is a question uniquely directed to this Court for resolution.

The ramifications of these questions are of substantial importance. Extensive foreign ownership of U.S. patents is now the

---

[5] For "authority," the Federal Circuit cited to a purely dictum statement in *Abbott Lab. v. Diamedix Corp.*, 47 F.3d 1128, 1133 (Fed. Cir. 1995) ("A patentee that does not voluntarily join an action prosecuted by its exclusive licensee can be joined as a defendant or, in a proper case, made an involuntary plaintiff if it is not subject to service of process," citing Rule 19(a) and *Independent Wireless*.). This dictum is itself at odds with an earlier dictum statement of the same court in *Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A.*, 944 F.2d 870, 876 n.1 (Fed. Cir. 1991) ("[I]f a party is deemed necessary under Rule 19(a), but cannot be joined because it is not subject to service of process, then the court must consider in equity and good conscience whether the party is indispensable and dismissal appropriate.").

[6] *Parkson Corp. v. Fruit of the Loom Inc.*, 28 U.S.P.Q.2d (BNA) 1066, 1068-70 (E.D. Ark. 1992); *SIG Swiss Indus. Co. v. Fres-Co. Sys. U.S.A. Inc.*, 20 U.S.P.Q.2d (BNA) 1148, 1151 (E.D. Pa. 1991); *Catanzaro v. International Tel. & Tel. Corp.*, 378 F. Supp. 203, 208-09 (D. Del. 1974).

[7] *See, e.g., Catanzaro*, 378 F. Supp. at 208-09; *Parkson Corp.*, 28 U.S.P.Q.2d (BNA) at 1068-70.

norm.[8] The Federal Circuit decision authorizes use of the "involuntary plaintiff" artifice to save a licensee's infringement action from dismissal even though the patent owner, as to whom it has been determined that "an adequate and binding remedy cannot be secured" in his absence, is subject neither to process nor effective discovery.

The Federal Circuit decision provides a road-map for collusion, and is fundamentally at odds with the overriding mandate of the Federal Rules of Civil Procedure that they "be construed and administered to secure the *just* . . . determination of every action." Fed. R. Civ. P. 1 (emphasis added). The foreign owner can pre-arrange with the named plaintiff to control the action against the defendant, reap the benefit of recovery against the defendant, and facilitate a successful result by agreeing to provide unlimited voluntary cooperation to the named plaintiff in aid of prosecuting the infringement action, while invoking the very absence of jurisdiction over it to avoid any effective discovery by the defendant of the information and documents uniquely in the owner's possession that bear on valid defenses to the patent and the action. At a minimum, the Federal Rules of Civil Procedure, particularly those relating to discovery, are premised on providing a level playing field for all parties for securing information relevant to claims or defenses. The involuntary plaintiff artifice, as here applied by the Federal Circuit, decidedly tips the balance against the defendant.

---

[8] According to statistics compiled by the U.S. Patent and Trademark Office, over 45% of all U.S. patents issued in fiscal years 1991-1994 were issued to residents of foreign countries. *Working for Our Customers: A Patent and Trademark Review*, Fiscal Year 1994, at 66, 68.

A. *This Court Should Decide Whether the Plain Meaning of Fed. R. Civ. P. 19 Limits Application of the "Involuntary Plaintiff" Technique To Those Situations Where the Person to be Joined Is Subject To Personal Jurisdiction of the Court*

The only reference in the Federal Rules of Civil Procedure to the "involuntary plaintiff" procedure appears in Rule 19(a).

In amendments effective July 1, 1966, the framework of Rule 19 was substantially altered from its original 1937 version. Rule 19(a), captioned "Persons to be Joined if Feasible," specifies the criteria for identifying a person who "shall be joined as a party in the action." Rule 19(b), captioned "Determination by Court Whenever Joinder not Feasible," then addresses what is to be done if a person meeting the Rule 19(a) criteria "cannot be made a party." In particular, applying recited factors, the court "shall determine whether in equity and good conscience the action should proceed among the parties before it, or should be dismissed, the absent person being thus regarded as indispensable." Thus, under the present version of Rule 19, "indispensability" no longer is a formulaic label applied to any particular category of persons depending upon substantive rights, but instead is used in a conclusory sense. *Provident Tradesmens Bank & Trust Co. v. Patterson*, 390 U.S. 102, 118-19 (1968) ("a court does not know whether a particular person is 'indispensable' until it has examined the situation to determine whether it can proceed without him").

The meaning of joining a party "if feasible" or engaging in a Rule 19(b) determination when a person as described in 19(a) "cannot be made a party," is explicitly given in the opening words of Rule 19(a), stating that "[a] person who is subject to service of process and whose joinder will not deprive the court of jurisdiction over the subject matter of the action shall be joined as a party." The third sentence of Rule 19(a)

provides that "[i]f *the person* should join as a plaintiff but refuses to do so, *the person* may be made a defendant, or, in a proper case, an involuntary plaintiff." (emphasis added). By its express terms, then, "the person" referenced in this third sentence must be "[a] person who is subject to service of process" as set forth in the opening words of Rule 19(a). *Business Guides, Inc. v. Chromatic Communications Enters., Inc.*, 498 U.S. 533, 540-41 (1991); *Pavelic & LeFlore v. Marvel Entertainment Group*, 493 U.S. 120, 123 (1989) (establishing that the Federal Rules of Civil Proceedings are given their plain meaning).

That this is the correct interpretation of Rule 19(a) is supported by the fundamental principle that one section of a Federal Rule of Civil Procedure cannot be interpreted in a manner which would render another section superfluous or a nullity. *See, e.g., In re Tetracycline Cases*, 107 F.R.D. 719, 727 (W.D. Mo. 1985); *Gangemi v. Moor*, 268 F. Supp. 19, 21-22 (D. Del. 1967). The framework of Rule 19 carefully and unambiguously sets forth the procedure for dealing with a person who should be joined in the action (as determined by a Rule 19(a) analysis) but who cannot be joined because the court has no jurisdiction over him. In such circumstances, the court must engage in the Rule 19(b) analysis to determine whether the action (1) may proceed without the person or (2) should be dismissed. Rule 19(b) would be a nullity were Rule 19(a) read to authorize yet a third option, "joinder" of the person as an involuntary plaintiff when the court lacks jurisdiction over him. There would never exist a need for engaging in the Rule 19(b) analysis because having removed the requirement for the person being subject to service of process, it would always be possible to join the person in the action.

That Rule 19 precludes joinder as an involuntary plaintiff of a person not subject to service of process is additionally supported by traditional notions of due process. These principles dictate that the *sine qua non* for a valid judicial determination

of a person's rights is the existence of *in personam* jurisdiction over such person, and that judgments rendered in violation of this due process requirement are void. *See generally World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 292-94 (1980). When, as here, the court conclusively has determined that "an adequate and binding remedy cannot be secured without the presence of" the person in question, (A19.) over whom *in personam* jurisdiction does not exist, it defies law and logic to suggest that Rule 19(a) permits circumventing fundamental due process principles simply by labelling that person an "involuntary plaintiff."

The plain language meaning of Rule 19 and due process concerns have formed the basis for the reasoning that has been employed by those courts which have directly confronted the issue of whether Rule 19(a) authorizes the joinder as an involuntary plaintiff of a person over whom no personal jurisdiction exists, determining in each case that Rule 19(a) does not permit such joinder. *See, e.g., Parkson Corp. v. Fruit of the Loom Inc.*, 28 U.S.P.Q.2d (BNA) 1066, 1068-70 (E.D. Ark. 1992); *SIG Swiss Indus. Co. v. Fres-Co Sys. U.S.A. Inc.*, 20 U.S.P.Q.2d (BNA) 1148, 1151 (E.D. Pa. 1991). In *Catanzaro v. International Telephone & Telegraph Corp.*, 378 F. Supp. 203 (D. Del. 1974), Judge Wright held:

> Nothing in the text of the original rule suggested that the district court's jurisdictional limits placed any restriction on the availability of the involuntary plaintiff procedure. However, the present Rule 19(a), where the reference to joining an involuntary plaintiff is found, is concerned only with "a person who is subject to service of process . . . ." It would appear that the present wording of Rule 19(a), unlike the previous Rule 19(a) and the holding of *Independent Wireless*, limits the involuntary plaintiff procedure to

> situations where the absent party is already found within reach of the court's process.
>
> . . . [J]oinder of an absent party otherwise beyond the jurisdiction of the court as an involuntary plaintiff raises disturbing constitutional problems. . . . [I]t has been clear that a court may not render a judgment binding upon a person absent from the territory of the forum, consistent with due process, unless the person has sufficient contacts with the forum such that binding him does not offend "traditional notions of fair play and substantial justice." . . . In the instant case, the transactional event in Delaware—the mere presence here of allegedly infringing defendants—would not seem to provide a legitimate basis for jurisdiction over [the patent owner]. . . . [T]o the extent that the *Independent Wireless* procedure permits involuntary joinder in cases where the court would otherwise refuse to proceed under Rule 19(b), that procedure may violate accepted notions of fair play and substantial justice.

Id. at 208-09 (citations omitted).

B. *This Court Should Decide Whether Rule 19 Controls Joinder Determinations in Federal Civil Actions, and Supersedes Prior "Rules," Such As the Involuntary Plaintiff Technique of* Independent Wireless, *That Are Inconsistent or In Conflict with Rule 19*

The 1926 decision of this Court in *Independent Wireless* permitted a patent licensee's infringement action (seeking an injunction in equity) to be saved from dismissal for absence of the patent owner as a party, by allowing the absent patent owner, a domestic company "beyond the reach of process" which

had refused to join the action voluntarily, to be "made co-plaintiff by the licensee." *Independent Wireless Tel. Co. v. Radio Corp. of Am.*, 269 U.S. 459, 464-75 (1926). The Court's decision was expressly rooted in principles of equity. "While this maxim [equity will not suffer a wrong without a remedy] is, of course, not of universal application, it justifies the short step needed to hold that in an equity suit . . . where otherwise justice to the exclusive licensee would fail, he may make the owner of the patent a co-plaintiff . . . ." *Id.* at 472.[9] The Court also placed reliance on the fact that "a decree in such a case would constitute an estoppoel of record against the patent owner." *Id.* at 474.

The procedure authorized by *Independent Wireless* is not reflected in, and is inconsistent with, the plain language of Rule 19(a) as amended in 1966, which is the controlling provision of the Federal Rules of Civil Procedure regarding joinder of persons as parties, and the only provision of those Rules referring to making a person an "involuntary plaintiff."[10]

---

[9] At the time of *Independent Wireless*, prior to the merger of law and equity effected by the Federal Rules of Civil Procedure in 1937, the patent statutes contained separate provisions for actions at law for damages and actions in equity for injunctions. The statute governing actions for damages, unlike the law today, expressly provided that damages may be recovered by " 'action on the case, in the name of the party interested,' " and the case law had established that this statute itself authorized a licensee to bring an action for damages "in the name of" the present owner. *Independent Wireless*, 269 U.S. at 464-66 (quoting Revised Statute § 4919). No similar provision was contained in the statute governing actions in equity. The result in *Independent Wireless* was stated as being "in analogy to the remedy given [to the licensee] in an action on the case at law for damages . . . for the two sections [of the patent statute] are plainly in pari materia." *Id.* at 472.

[10] Arguably, the original version of Rule 19 as promulgated in 1937 permitted the procedure employed in *Independent Wireless*. Further, the Advisory Committee notes to the 1937 version refer to *Independent Wireless* as an example of "a proper case" for use of the involuntary plaintiff procedure.

However, at least one appellate court held that the 1937 Federal Rules of Civil Procedure in fact precluded the practice of involuntarily joining a patent owner over whom the court had no jurisdiction, because Rule 82 expressly provided that "[t]hese rules shall not be construed to extend . . . the jurisdiction of . . . district courts." *See, Contracting Div., A.C. Horn Corp. v. New York Life Ins. Co.*, 113 F.2d 864 (2d Cir. 1940).

The Rules Enabling Act under which the authority for promulgation of the 1966 amendments derived, 28 U.S.C. § 2072 (1948), expressly stated, "All laws in conflict with such rules shall be of no further force or effect after such rules have taken effect." With respect to Rule 19 in particular, this Court has held that the Rule sets forth the exclusive framework for determination of joinder issues in federal actions, such that common law principles in conflict therewith, such as regarding classes of persons who had automatically been deemed "necessary" or "indispensable" parties, no longer were applicable. *Provident Tradesmens Bank & Trust Co. v. Patterson*, 390 U.S. 102 (1968); *see also, Tycom Corp. v. Redactron Corp.*, 380 F. Supp. 1183 (D. Del. 1974) (holding that it is Rule 19, rather than common law precedent regarding "indispensability," that controls determinations of persons who are required to be joined in patent actions). This Court further held in *Provident Tradesmens* that Rule 19 was a valid exercise of the authority to promulgate rules of procedure, and was not an improper attempt to alter substantiive rights. 390 U.S. at 741-42 & nn. 12-13.

As such, the procedure authorized in 1926 in *Independent Wireless*, permitting a person over whom no jurisdiction existed nevertheless to be joined as a party to the action, being inconsistent with the plain language and framework of Rule 19, no longer is permissible. Given the plain meaning of Rule 19 as amended in 1966, it is not necessary to find in its enactment history an explicit statement that *Independent Wireless* was specifically "intended" to be superseded. It is, however, notable and telling that the Advisory Committee notes accompanying the 1966 amendments, in contrast to those accompanying the differently worded 1937 original rule, no longer refer to *Independent Wireless* as being an example of a proper case for the "involuntary plaintiff" artifice. In *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 113 S. Ct. 2786 (1993),

for example, this Court held that Rule 702 of the Federal Rules of Evidence displaced the *Frye*[11] test for admissibility of expert opinion based upon a scientific technique, even though the drafting history of the Rule made no mention of *Frye* or of any intention to displace it. *Id.* at 2793-94. Similarly, in *Bourjaily v. United States*, 483 U.S. 171 (1987), this Court held that the common law "bootstrapping rule," barring the use of hearsay statements to prove the conspiracy needed to trigger the co-conspirator exception to the hearsay rule, had not survived enactment of Federal Rule of Evidence 104(a). *Id.* at 178-79. As stated by Chief Justice Rehnquist:

> [P]etitioner nevertheless argues that the bootstrapping rule, as most Courts of Appeals have construed it, survived this apparently unequivocal change in the law unscathed and that Rule 104, as applied to the admission of a co-conspirator's statements, does not mean what it says. We disagree.
>
> Petitioner claims that Congress evidenced no desire to disturb the bootstrapping rule, which was embodied in the previous approach, and we should not find that Congress altered the rule without affirmative evidence so indicating. It would be extraordinary to require legislative history to *confirm* the plain meaning of Rule 104.

Id. at 178.

Apart from the plain meaning of Rule 19, it can hardly be gainsaid that much has changed since *Independent Wireless*. Fundamentally, this decision of 1926, to the extent permitting the entry of binding determinations over a person as to whom

---

[11] *Frye v. United States*, 293 F. 1013 (D.C. Cir. 1923).

the court has no jurisdiction, is at odds with contemporary notions of due process which find their roots in the decision, nineteen years later, of *International Shoe Co. v. State of Washington*, 326 U.S. 310 (1945). It is hardly open to question that the determination authorized by the procedure of *Independent Wireless* would *not* be given binding effect today against the "involuntary plaintiff" over whom the court had no personal jurisdiction.[12]

Still further, coming as it did some eleven years before the existence of the Federal Rules of Civil Procedure, *Independent Wireless* took no account of the modern day principle of discovery, that is, that fairness, due process, and just results are achieved only when litigants have the opportunity for fully developing relevant facts. Whatever might be said for continuing vitality of *Independent Wireless* where a person joined "involuntarily" is nevertheless a domestic company who in theory would be subject to full discovery by defendant through a subpoena issued from a district court having jurisdiction over it, the procedure is hopelessly flawed when the person is a foreign company as to whom discovery is severely circumscribed. *See supra* note 2. The inevitable result, as here occurred, is that the person having the key information relevant to defenses can arrange to have his action and interests prosecuted in his absence and thereby avoid giving to the defendant evidence that might be damning to the asserted claim, all the while agreeing to assist the plaintiff voluntarily. The procedure of Rule 19 correctly reflects these very principles, because the

---

[12] *Erbamont Inc. v. Cetus Corp.*, 720 F. Supp. 387, 395 (D. Del. 1989); *Catanzaro v. International Tel. & Tel. Corp.*, 378 F. Supp. 203, 208 (D. Del. 1974). In addition, an important premise for *Independent Wireless*, *i.e.*, express statutory authority for permitting an action for damages to be brought by a licensee simply "in the name of" the patent owner, thereby justifying extension of this procedure in equitable actions "by analogy," no longer exists in the Patent Statutes today, which provide that it is only a patentee (or his successor in title) who has standing to bring an action for patent infringement. 35 U.S.C. §§ 100(d), 281 (1984).

availability of discovery is a factor a court will take into account in deciding whether it is just to proceed in the absence of a person who should be joined. *See, e.g., Parkson Corp. v. Fruit of the Loom Inc.*, 28 U.S.P.Q.2d (BNA) 1066, 1070 (E.D. Ark. 1992); *Erbamont Inc. v. Cetus Corp.*, 720 F. Supp. 387, 395 (D. Del. 1989).

II. This Court Should Resolve the Conflict Within the Federal Circuit, and Between the Federal Circuit and the District Courts, Over Whether the "Involuntary Plaintiff" Procedure of *Independent Wireless* Survived the Enactment of the 1966 Amended Version of Fed. R. Civ. P. 19

This case squarely presents the issue of whether the technique of joining a party as an involuntary plaintiff in the absence of *in personam* jurisdiction, as announced in *Independent Wireless*, is consistent with the plain language of Rule 19 or was eliminated by the amendment to Rule 19 in 1966.

In the years since the 1966 amendment to Rule 19, the courts have struggled with the issue of joining patent owners in infringement actions brought by licensees. The turmoil has been caused by a perceived contradiction between joinder under Rule 19 and *Independent Wireless* as it has been interpreted by the lower courts, and by substantial due process concerns respecting joinder in the absence of *in personam* jurisdiction.

Admittedly, this Court generally reserves grant of certiorari under Supreme Court Rule 10.1(a) for cases that involve conflicts between circuit courts of appeals, rather than conflicts existing among district courts or between a circuit court and districts courts. This case is unique, however, in that the involuntary plaintiff procedure to which it relates arises almost exclusively in patent infringement actions, as to which the

Federal Circuit has exclusive appellate jurisdiction. 28 U.S.C. § 1295. As a consequence, the issue presented is not likely to be addressed by other circuit courts.

As discussed herein, the lower courts evidence considerable confusion and conflict over the permissibility of "involuntary" joinder of a plaintiff and the continuing validity of the *Independent Wireless* procedure. A matter of this importance should not be, nor deemed to have been, "resolved" under the cursory approach as was engaged in by the Federal Circuit in this case. (A1 - A2.) Moreover, the Federal Circuit, opting as it has for now to attempt to categorize its opinion in this case as "non-precedential," leaves the lower courts at sea on the matter, and, worse still, leaves intact its own internally conflicting dictum pronouncements. *See supra* note 5.

The conflicts and confusion in the lower courts are destined, then, to continue until the matter is resolved by this Court.

A. *Substantial Conflicts Exist Within and Among the Lower Courts over the Involuntary Plaintiff Procedure*

It is apparent in the decisions on these specialized joinder issues that attempts to maneuver between the plain language of Rule 19 and *Independent Wireless* is impossible, leading to conflicts even within the same circuit and districts.

For example, in *Ferrara v. Rodale Press, Inc.*, 54 F.R.D. 3 (E.D. Pa. 1972), an exclusive licensee to a copyright sought to join the owner involuntarily even though the court lacked jurisdiction over the owner. *Id.* at 4. The defendant argued that this was an improper use of Rule 19(a) because the rule specifically requires that the "person be subject to service of process before he can be joined as a party." *Id.* The Pennsylvania district court held that *Independent Wireless* permitted parties to be joined even though a court lacks jurisdiction

in patent actions and was equally applicable to copyright actions. *Id.* at 5. The authority the court offered for upholding this interpretation of *Independent Wireless* in contention with the plain language of Rule 19 was, however, the Advisory Committee Notes to the *original*, entirely superseded, Rule 19.

Two years later, however, in *Catanzaro v. International Telephone & Telegraph Corp.*, 378 F. Supp. 203 (D. Del. 1974), the court concluded that *Independent Wireless* is both unnecessary in view of the plain language of Rule 19 and possibly unconstitutional in view of due process concerns as defined by *International Shoe Co. v. State of Washington*, 326 U.S. 310, in 1945. The court analyzed the joinder of the patent owner, over which it did not have jurisdiction, under a Rule 19 analysis, holding that the owner was indispensable and dismissed the action. *Id.* at 205-07; *see supra* pp. 12-13.

This line of reasoning was consistently followed in the Delaware district in at least five other cases from 1974 to 1993.[13] For example, in *Erbamont Inc. v. Cetus Corp.*, 720 F. Supp. 387 (D. Del. 1989), the court employed a pure Rule 19 analysis when deciding whether to join a patent owner; "If a party is deemed necessary under Rule 19(a), but cannot be joined because it is not subject to process, then the court must consider, upon application of Rule 19(b), whether the party is indispensable and dismissal appropriate." *Id.* at 393. After the court determined that the owner was necessary to the action under Rule 19(a), but not subject to process because it was a foreign corporation, it concluded that the owner was not indispensable and that the trial could continue in its absence. *Id.* at 394-95. At no point did the court consider joining the necessary patent owner as an involuntary plaintiff. Citing *Catanzaro*, the court

[13] *Pfizer Inc. v. Elan Pharmaceutical Research Corp.*, 812 F. Supp. 1352 (D. Del. 1993); *Erbamont Inc. v. Cetus Corp.*, 720 F. Supp. 387 (D. Del. 1989); *Calgon Corp. v. Nalco Chem. Co.*, 726 F. Supp. 983 (D. Del. 1989); *Dentsply Int'l Inc. v. Centrix, Inc.*, 553 F. Supp. 289 (D. Del. 1982); *Tycom Corp. v. Redactron Corp.*, 380 F. Supp. 1183 (D. Del. 1974).

saw as its only options for handling a necessary party that it could not jurisdictionally reach as either proceeding in the party's absence or dismissing the case. *Id.* at 394.

In the present case, however, the Delaware District Court departed from these precedents and expressly held that Rule 19(a), and *Independent Wireless*, permitted the joinder of patent owner Niro as an involuntary plaintiff even though Niro was not subject to jurisdiction, and that such joinder saved the case from dismissal even though the court had determined, under Rule 19(b), that "an adequate and binding remedy cannot be secured in the absence of" Niro. (A17 - A20.)

The confusion and conflict that exists within the Third Circuit alone, and the Delaware District itself, illustrates the need for clarification and guidance on handling these joinder issues.[14]

Clearly then, a controlling decision of this Court is needed for resolving these many conflicts so as to provide guidance for the district courts on these important questions.

---

[14] Conflict and confusion on these questions also exists within the Eastern District of Pennsylvania (*compare Howes v. Medical Components, Inc.*, 698 F. Supp. 574 (1988) *and SIG Swiss Indus. Co. v. Fres-Co Sys. U.S.A. Inc.*, 20 U.S.P.Q.2d (BNA) 1148 (1991) *with Dublin Water Co. v. Delaware River Basin Comm'n*, 443 F. Supp. 310 (1977) *and Ferrara v. Rodale Press, Inc.*, 54 F.R.D. 3 (1972)); the districts of New York (*compare Messerschmitt-Boelkow-Blohm GmbH v. Hughes Aircraft Co.*, 483 F. Supp. 49 (S.D.N.Y. 1979), *Refac Int'l Ltd. v. Mastercard Int'l F.W.*, 758 F. Supp. 152 (S.D.N.Y. 1991) *and Windsurfing Int'l, Inc. v. Ostermann GmbH*, 100 F.R.D. 82 (S.D.N.Y. 1983) *with First Fin. Mktg. Serv. Group, Inc. v. Field Promotions, Inc.*, 286 F. Supp. 295 (S.D.N.Y. 1968), *Hooker Chem. & Plastics Corp. v. Diamond Shamrock Corp.*, 520 F. Supp. 204 (W.D.N.Y. 1981) *and Micro-Acoustics Corp. v. Bose Corp.*, 493 F. Supp. 356 (S.D.N.Y. 1980)); the Eastern District of Wisconsin (*compare Norvell v. McGraw-Edison Co.*, 270 F. Supp. 57 (1967) *with Black & Decker Mfg. Co. v. Hempe Mfg. Co.*, 420 F. Supp. 874 (1976)); and the District of Minnesota (*compare Tol-O-Matic, Inc. v. Proma Produkt-Und Mktg. Gesellschaft m.b.H.*, 690 F. Supp. 798 (1987) *with Goldhaft v. Moorhouse*, 306 F. Supp. 533 (1969)).

CONCLUSION

For the reasons given, it is respectfully submitted that the petition for writ of certiorari should be granted for resolving the questions presented.

Respectfully submitted,

RONALD J. ST. ONGE
Counsel of Record
986 Bedford Street
Stamford, Connecticut 06905
(203) 324-6155

January 9, 1996

Appendix Table of Contents.

Appendix A
Order of the United States Court of Appeals for the Federal Circuit, No. 93-1419 A1

Appendix B
Decision of the United States Court of Appeals for the Federal Circuit, No. 93-1419 A3

Appendix C
Memorandum Opinion of the United States District Court for the District of Delaware, Civil Action No. 89-533-JJF A9

APPENDIX A.

NOTE: Pursuant to Fed. Cir. R. 47.6, this order is not citable as precedent. It is a public record.

United States Court of Appeals for the Federal Circuit

No. 93-1419

JOY TECHNOLOGIES, INC.,
PLAINTIFF-APPELLEE,

AND

A/S NIRO ATOMIZER,
INVOLUNTARY PLAINTIFF,

v.

FLAKT, INC.,
DEFENDANT-APPELLANT.

ORDER

Appellant's petition for rehearing is granted for the purpose of modifying the opinion issued on July 11, 1995. Footnote 3 of that opinion is changed to read:

> 3. Flakt also argues that the District Court erred in permitting Niro to be added as an involuntary plaintiff. We disagree. The 1966 amendment to Rule 19(a)

did not fundamentally change the meaning of the term "involuntary plaintiff" as Flakt contends. *See Abbott Lab.* v. *Diamedix Corp.*, 47 F.3d 1128, 1133 (Fed. Cir. 1995); *see generally* 3A James W. Moore, *Moore's Federal Practice*, ¶ 19.06, at 19-86 to 19-87 (2d ed. 1993 & Supp. 1994-95); 7 Charles A. Wright, et al., *Federal Practice and Procedure*, § 1606, at 72-74 (2d ed. 1986 & Supp. 1995). Flakt advises that the district court allowed Niro to become a voluntary plaintiff by amended complaint after this appeal was filed for purposes of pursuing its own damages claim. *See* Joy's renewed motion for leave to augment the record and Flakt's opposition thereto and alternative motion for leave to further augment the record, both of which are granted. The propriety of that action is not an issue in this appeal.

FOR THE COURT

October 11, 1995 /s/
Date Francis X. Gindhart
Clerk

APPENDIX B.

NOTE: Pursuant to Fed. Cir. R. 47.6, this disposition is not citable as precedent. It is a public record. The disposition will appear in tables published periodically.

United States Court of Appeals for the Federal Circuit

No. 93-1419

JOY TECHNOLOGIES, INC.,
PLAINTIFF-APPELLEE,

AND

A/S NIRO ATOMIZER,
INVOLUNTARY PLAINTIFF,

v.

FLAKT, INC.,
DEFENDANT-APPELLANT.

DECIDED: July 11, 1995

Before ARCHER, *Chief Judge*,* BENNETT, *Senior Circuit Judge*, and NIES, *Circuit Judge*.

ARCHER, *Chief Judge*.

---

* Chief Judge Archer assumed the position of Chief Judge on March 18, 1994.

DECISION

Flakt, Inc. (Flakt) appeals from the judgment of the United States District Court for the District of Delaware and from the order of the district court denying Flakt's motion for judgment as a matter of law and alternative motion for a new trial. We *affirm*.

DISCUSSION

United States Patent No. 4,279,873 ('873 patent), which issued in 1981, claims an improvement to the prior art dry flue gas desulfurization (FGD) processes by recycling the fly ash removed from the flue gas into the suspension, which is then reintroduced into the spray dryer.[1] As this process repeats,

---

[1] The '873 patent contains two independent claims and eleven dependent claims. The two independent claims read as follows:

> 1. A process for desulfurization of fly ash-containing flue gas from the combustion of coal, comprising the steps of:
>
> (a) atomizing an aqueous feed suspension comprising $Ca(OH)_2$ and fly ash into the hot flue gas coming from a boiler without previous removal of fly ash therein, the amount of said suspension and the water content thereof being adjusted to obtain a temperature of the desulfurized flue gas being 8°-40° C. above the saturation temperature of said gas, thereby simultaneously drying the atomized droplets of suspension and reducing the SO_2 content of the flue gas;
>
> (b) collecting a fly ash-containing dry powder comprising conglomerates of fly ash originating from said feed suspension with materials formed by drying and SO_2 absorption step;
>
> (c) preparing an aqueous suspension from a recycled portion of said fly ash-containing dry powder and disposing of the remaining portion; and
>
> (d) adding freshly slaked lime to the last-mentioned suspension as makeup $Ca(OH)_2$ to produce a feed suspension to be atomized in step (a).
>
> 2. A process for the desulfurization of hot, fly ash-containing flue gas from the combustion of sulfur-containing fuel, said process comprising the steps of:

the recycled particles gain greater surface areas on which the reaction (and thus desulfurization) may occur during the FGD process, thereby increasing efficiency.

On September 28, 1989, Joy Technologies, Inc. (Joy) sued Flakt for infringement of the '873 patent in the United States District Court for the District of Delaware. In a bifurcated proceeding, the parties tried the liability case before a jury over fourteen days during December and January of 1992. The jury found, *inter alia*, that all of the claims asserted by Joy were infringed, both literally and under the doctrine of equivalents, and that Flakt had failed to prove invalidity.[2]

After trial, Flack [*sic*] renewed its motion for judgment as a matter of law (JMOL) under Rule 50(b) of the Federal Rules of Civil Procedure or for a new trial under Rule 59. On March 31, 1993, the district court issued a Memorandum Opinion denying these motions. Thereafter, Flakt appealed the judgment, argu-

---

(a) preparing an aqueous feed suspension comprising calcium hydroxide and fly ash;

(b) atomizing said feed suspension in a stream of said hot, fly ash-containing flue gas in a drying chamber to effect drying of the resulting atomized droplets and absorption of sulfur dioxide in said flue gas;

(c) recovering a dry fly ash-containing powder comprising conglomerates of fly ash originating from the feed suspension with materials resulting from the drying and sulfur dioxide absorption step, and

(d) recycling a portion of the fly ash-containing powder recovered in step (c) for use in preparation of said aqueous feed suspension;

said drying and sulfur dioxide absorption being effected while maintaining the temperature of the flue gas effluent from said drying chamber at from [*sic*] about 8° to about 40° C. above the adiabatic saturation temperature of said gas by controlling the amount of feed suspension forwarded to said drying chamber and the total solids content of said feed suspension, in response to the amount, temperature and moisture content of the flue gas feed in said drying chamber.

[2] Following entry of judgment on the jury verdict, the district court granted a permanent injunction which enjoined Flack [*sic*], *inter alia*, from contracting for FGD plants that would practice the '873 patent. In a separate proceeding, on October 6, 1993, this court vacated and remanded that injunction to the district court. *Joy Technologies* v. *Flakt, Inc.*, 6 F.3d 770, 28 USPQ2d 1378 (Fed. Cir. 1993).

ing that the jury's determination of literal infringement and infringement under the doctrine of equivalents is unsupported by substantial evidence and that the '873 patent is invalid.[3]

On appeal, in reviewing the denial of a motion for JMOL, this court applies the standards for JMOL anew. *Read Corp.* v. *Portec, Inc.*, 970 F.2d 816, 821, 23 USPQ2D 1426, 1431 (Fed. Cir. 1992). Accordingly, the appellant must show either (1) that the jury's factual findings are not supported by substantial evidence or (2) that the legal conclusion implied from the jury's verdict cannot be supported by those findings. *Perkin-Elmer Corp.* v. *Computervision Corp.*, 732 F.2d 888, 893, 221 USPQ 669, 673 (Fed. Cir.), *cert. denied*, 469 U.S. 857 (1984); *Dana Corp.* v. *IPC Ltd. Partnership*, 860 F.2d 415, 417, 8 USPQ2d 1692, 1694 (Fed. Cir. 1988), *cert. denied*, 490 U.S. 1067 (1989).

The '873 patent discloses that the claimed FGD process requires the maintenance of a flue gas temperature at about 8 to 40 degrees Centigrade above the saturation temperature of the flue gas. To achieve the required temperature, claim 1 of the patent directs that "the amount of said suspension and the water content thereof be[ ] adjusted to obtain [the specified] temperature," and independent claim 2 similarly requires "maintaining the temperature of the flue gas effluent from said drying chamber . . . by controlling the amount of feed suspension . . . and the total solids content of said feed suspension."

Flakt argues that claim 1 requires the "adjustment" of the suspension *and* water and claim 2 requires the "control" of the suspension *and* solid but that the accused systems are distinguishable from the claims at issue because these systems

[3] Flakt also argued that the District Court erred in permitting Niro to be added as an involuntary plaintiff, but Niro has subsequently consented to become a voluntary plaintiff by amended complaint. Accordingly, Joy's renewed motion for leave to augment the record and Flakt's opposition thereto and alternative motion for leave to further augment the record are granted. Since Niro is now a voluntary plaintiff, the question of Joy's standing to bring suit on the '873 patent is moot.

only allow the adjustment or control of the amount of suspension.

In its Memorandum Opinion, the district court noted that one of Flakt's engineers (Mr. Fiedler) conceded that the amount of solids and water are *both* adjusted and controlled in order to change the amount of suspension when the accused systems react to temperature fluctuations. Another one of Flakt's engineers (Mr. Buschmann) also confirmed that the accused systems required the adjustment and control of the solid content of the suspension following periodic inspections. Based in part on the testimony of Flakt's witnesses, the district court noted that, when the accused systems made adjustments in the amounts of the suspension, any such change effected a corresponding change in the amount of *both* solids and water. The court also pointed out that Flakt's own operations manual instructed that water and solids are added to the FGD system as determined by system operating parameters, including temperature. For these reasons, the district court found that substantial evidence existed to support the jury verdict.

We must accept a jury verdict of infringement, an ultimate issue of fact, if "reasonable jurors viewing the evidence as a whole could have found the facts needed to support the verdict in light of the applicable law." *Kearns* v. *Chrysler Corp.*, 32 F.3d 1541, 1548, 31 USPQ2d 1746, 1756 (Fed. Cir. 1994). As the district court explained, the testimony and other evidence at trial demonstrated that any change in suspension would effect a corresponding change in the amount of solids as well as water. Findings to this effect satisfy the elements of the claims literally. Because substantial evidence supported the jury's verdict, we have no basis for overturning that verdict or the decision of the district court in denying the motion for JMOL. We, therefore, affirm the finding of literal infringement, which makes it unnecessary to consider the jury's finding of infringement under the doctrine of equivalents. *Transmatic*,

Inc. v. *Gulton Indus.*, Nos. 94-1315, - 1316, 1995 U.S. App. LEXIS 9815, at *9 (Fed. Cir. May 1, 1995).

We have also considered Flakt's other arguments, including those relating to Joy's lack of standing and to the validity of the '873 patent, and find them unpersuasive on the record in this case.

APPENDIX C.

In the United States District Court for the District of Delaware

JOY TECHNOLOGIES, INC.
Plaintiff,

v. Civil Action No. 89-533-JJF

FLAKT, INC.,
Defendant.

Collins J. Seitz, Jr., of CONNOLLY BOVE LODGE & HUTZ, Wilmington, Delaware. Robert A. Schroeder, and Edward G. Poplawski, of PRETTY SCHROEDER BRUEGGEMANN & CLARK, Los Angeles, California. Attorneys for Plaintiff.

Allen M. Terrell, Jr., and Nathan B. Ploener, of RICHARDS LAYTON & FINGER, Wilmington, Delaware. Paul Lempel, Bradford J. Badke and Lynne Darcy, of KENYON & KENYON, New York, New York. Attorneys for Defendant.

MEMORANDUM OPINION

May 3, 1991

Wilmington, Delaware

/s/_____

FARNAN, District Judge

Plaintiff, Joy Technologies, Inc., ("Joy"), filed the instant patent infringement action against defendant Flakt, Inc. ("Flakt") on September 28, 1989, for infringement of Patent No. 4,279,873 ("the '873 patent"), entitled "Process for Flue Gas Desulfurization."

Flakt filed a Motion to Dismiss on April 2, 1990, a Motion for Separate Trials and a Stay of Discovery on July 18, 1990, a Motion for a Protective Order Staying Discovery (pertaining to evidence on damages until the Motion for Separate Trials is resolved) on July 18, 1990, and a Motion for a Protective Order on November 14, 1990, as amended on November 26, 1990, which motions are presently before the Court.

I. FACTS

A/S Niro Atomizer ("Niro"), a Danish company, is the owner of the '873 patent, which relates to a process by which sulfur dioxide is removed from the flue gas associated with the combustion of sulfur containing fuels such as coal. Such processes are commonly referred to as flue gas desulfurization ("FGD") systems. The '873 patent expires on July 21, 1998.

In the late 1970s, Joy entered into a series of agreements with Niro for the cooperative development and marketing of systems and plants for the removal of pollutants from flue and other contaminated gases. The agreement dated June 24, 1985 (the "1985 Agreement") granted Joy[1] what in the agreement is called an "exclusive" royalty-bearing license in North America for "proprietary information," which is defined in Section ("Sec.") 1.13 as including patents, trademarks, copyrights, software, and other information, relating to the FGD process, including the process contained in the '873 patent.

---

[1] Plaintiff, Joy Technologies, Inc., ("Joy"), and all predecessor companies, including Joy Manufacturing Company, will be collectively referred to as "Joy."

The "exclusive" license in North America granted to Joy under the 1985 Agreement was subject to Niro's right to "participate in any use or operation of a Licensed System or part thereof in which it, or any of its subsidiaries, has an investment." Sec. 13.1. Section 1.9 of the 1985 Agreement defines "Licensed System" as "the processes and equipment associated with the removal of gaseous and particulate pollutants from flue or other contaminated gases utilizing spray absorption technology."

In addition, despite the existence of the "exclusive" license, Niro was permitted to use the "proprietary information" for "any other agreements for Licensed Systems for which a binding contract or purchase order has been entered into prior to the" effective date of the 1985 Agreement. Sec. 13.2.

Under the 1985 Agreement, Joy was granted an "exclusive" right to grant sublicenses in North America, but only to its subsidiaries for as long as the subsidiaries remained subsidiaries of Joy. *See* Article ("Art.") II(a), Sec. 14.12. As for assignment, the Agreement provides that Joy may not assign the Agreement without the prior approval of Niro. Sec. 14.12. The 1985 Agreement states that in every contract Joy enters into under the Agreement, Joy shall attempt in good faith to include a specific disclaimer stating that Joy is only a licensee under an agreement with Niro, and that Niro has no obligation to the other contracting party, except as to specific provisions in the contract agreed to by Niro. Sec. 9.2.

In the event of a material default by Joy, Niro may terminate the Agreement, and Joy's right to use the '873 patent ceases. Secs. 12.2, 12.5. Material default is defined to include Joy purchasing certain equipment, specifically Rotary Atomizer Assemblies, from any supplier other than Niro. *See* Secs. 1.8, 3.5, 12.3. However, if the Agreement is terminated, but not due to a material default by Joy, Joy may continue to use patents licensed under the Agreement until July 1, 2000. *See* Sec. 12.5.

The 1985 Agreement further states that Joy is not permitted to use the proprietary information in licensed activities outside of North America. Sec. 9.3.

Under the 1985 Agreement, the decision of pursuing patent infringement litigation rests with Niro. Sec. 14.9. However, upon notice of infringement, if Niro does not proceed with suit within ninety day [*sic*] from such notice, Joy has the option to prosecute the suit, in the name of Niro, at Joy's cost "and for [Joy]'s sole benefit." *Id.* The Agreement further states that "[Niro] will execute all instruments and do all acts and things and give [Joy] all information and assistance, without charge, to enable suit to be instituted and prosecuted to a successful conclusion." *Id.*

In a September 22, 1989 letter agreement (the "1989 Letter Agreement") from Robert C. Hyde ("Hyde"), Vice-President and General Manager of Joy's Western Precipitation Division, to Ole Anderson ("Anderson"), President of Niro, Hyde stated that the letter was to confirm the parties' arrangement as to patent infringement litigation against Flakt for infringement of the '873 patent. The agreement included the following: (1) Niro assigned to Joy the exclusive right to sue Flakt for infringement of the '873 patent, and assigned to Joy all damages for past and future infringement; (2) Niro will receive one-half of the net proceeds of any recovery obtained by Joy, whether by virtue of a judgment or settlement; (3) Joy will be reimbursed by Niro for one-half of all fees and expenses connected with the lawsuit; (4) Joy and Niro will each pay their own costs associated with cooperating with counsel selected by Joy to prosecute any patent infringement action under the agreement; and (5) any settlement with Flakt shall be agreed to jointly by Joy and Niro.

II. ISSUES

A. *Motion to Dismiss*

Flakt argues that under 35 U.S.C. § 281 and Fed. R. Civ. P. 12(b), the Complaint should be dismissed because Niro, the owner of the '873 patent, is not a party to this patent infringement action. Flakt contends that the patent owner must be a party to perfect the subject matter jurisdiction of this Court.

Flakt additionally argues that the action should be dismissed under Fed. R. Civ. P. 19 for failure to join an indispensable party, specifically Niro, the owner of the '873 patent. Flakt submits that because Niro is outside the jurisdiction of this Court, Niro cannot be brought in as a counterclaim defendant.

Flakt contends that equity demands that the suit be dismissed because Flakt would be prejudiced by litigation of the '873 patent in Niro's absence. Finally, Flakt argues that the public interest in fully litigating issues of patent infringement requires that the suit be dismissed in Niro's absence.

Joy contends that the issue is one of standing, not subject matter jurisdiction, and that Joy has standing to sue Flakt for infringement because Joy is effectively the assignee of the '873 patent. Flakt contends that the Joy/Niro agreements do not retain any rights that are inconsistent with an assignment of the '873 patent. Further, Joy argues that Niro is not a necessary party to the patent infringement action. In the alternative, Joy argues that if Niro is an indispensable party under Fed. R. Civ. P. 19(b), then Niro should be joined as an involuntary plaintiff, instead of dismissing the action.

On the issue of possible prejudice to Flakt, Joy contends that the doctrines of res judicata and collateral estoppel would preclude Niro from relitigating these same issues against Flakt.

B. *Flakt's Motion for Separate Trials and to Stay Discovery*

Flakt contends that the issues of liability and damages should be bifurcated for trial in order to avoid confusion to the jury, and

to promote the most expeditious manner of resolving the issues. Flakt asserts that there is virtually no overlap in the issues of liability and damages, thus there is no danger of two separate juries finding conflicting facts. If two separate trials are ordered, Flakt contends that a stay of discovery on the issue of damages would be appropriate.

In addition, Flakt has filed a Motion for a Protective Order Staying Discovery on the issue of damages, until the Motion for Separate Trials is decided.

As an initial matter, Joy does not oppose the bifurcation of the issues of liability and damages. However, Joy opposes bifurcation into two separate trials because Joy asserts that there is a substantial overlap of issues, that two separate trials would cause the plaintiff substantial delay, and that Flakt delayed bringing its bifurcation motion until it obtained from Joy during discovery the type of information on damages, allegedly sensitive, that it now seeks to withhold.

C. *Flakt's Motion for a Protective Order*

Flakt seeks a protective order preventing Joy from seeking discovery from any customers or potential customers of Flakt, until Joy makes a showing that the information it seeks is necessary and relevant to this action, and that the information cannot be obtained from any other source, particularly Flakt.

In support of its motion, Flakt contends that Joy has already requested from Flakt most of the information that it now seeks from Flakt's customers. Flakt argues that Joy's attempted discovery from Flakt's customers is a form of harassment which could jeopardize Flakt's business relationship with its customers. Flakt contends that Joy has failed to demonstrate that the information it seeks cannot be obtained from Flakt. Flakt further contends that Joy is seeking, from Flakt's customers, trade secret information that is not reasonably calculated to lead to the discovery of admissible evidence, and which disclosure could lead to irreparable harm to Flakt.

Joy responds that Flakt lacks standing to challenge certain discovery requests of third parties, that the protective order sought is overly broad, and that Flakt has failed to demonstrate that it is entitled to the protective order. Joy additionally asserts that Flakt's charges of harassment and harm are unfounded and based on speculation.

III. DISCUSSION

A. *Motion to Dismiss*

1. *License* v. *Assignment*

The Court finds, despite the language in the Joy/Niro agreements, that Joy is an enhanced licensee, and not an assignee, as Joy asserts. In *Waterman* v. *Mackenzie*, the Supreme Court held that "[w]hether a transfer of a particular right or interest under a patent is an assignment or a license does not depend upon the name by which it calls itself, but upon the legal effect of its provisions." 138 U.S. 252, 256 (1891). In *Waterman*, the Court stated:

> The patentee or his assigns may, by instrument in writing, assign, grant, and convey, either (1) the whole patent, comprising the exclusive right to make, use, and vend the invention throughout the United States; or (2) an undivided part or share of that exclusive right; or (3) the exclusive right under the patent within and throughout a specified part of the United States. . . . A transfer of either of these three kinds of interests is an assignment, properly speaking, and vests in the assignee a title in so much of the patent itself, with a right to sue infringers. In the second case, jointly with the assignor. In the first and third cases, in the name of the assignee alone. *Any assignment or transfer, short of one of these, is a mere license, giving the licensee no title*

> *in the patent, and no right to sue at law in his own name for an infringement.*

Id. at 255 (emphasis added).

The Court first notes that none of the agreements between Joy and Niro profess to give Joy an "assignment" of the '873 patent, in specific language. Nonetheless, Joy asserts that the Joy/Niro agreements, taken together, establish that Joy is, *in effect*, an assignee. Specifically, Joy asserts that the agreements give Joy the exclusive right to make, use and sell the invention in North America, thus satisfying the requirements of an assignment under the third scenario in *Waterman*. Joy further contends that the agreements go beyond that which is required under *Waterman* because Joy is given the exclusive right to sublicense the '873 patent and to sue infringers of the '873 patent, pursuant to the 1989 Letter Agreement.

The Court disagrees. Contrary to Joy's assertions, the 1985 Agreement, read in its entirety, gives Joy merely the right to sublicense the '873 patent to its subsidiaries, for as long as they remain subsidiaries. *See* Art. II(a), and Sec. 14.12. Art. II(a) states that Joy has "an exclusive (except for those activities in North America which LICENSOR is permitted to puruse under the provisions of XIII of this Agreement) right, including the right to grand sublicenses (*permitted hereunder*)." (emphasis added). Section 14.12, entitled "Assignments; Sublicenses" states that "[t] [*sic*] the LICENSEE shall be permitted to sublicense the rights and licenses granted hereunder to its subsidiaries, for so long as those subsidiaries remain a subsidiary of LICENSEE. . . ." The Court concludes that Sec. 14.12 limits a broad reading of Art. II(a) which Joy advocates, because of the words "permitted hereunder." Otherwise, the words "permitted hereunder" would be meaningless.

The Court is similarly unconvinced that Joy has the exclusive right to sue all who infringe the '873 patent. While the 1989

Letter Agreement purports to give Joy the exclusive right to sue Flakt for infringement of the '873 patent, the Court cannot agree with a broader interpretation of the right to sue for infringement of the '873 patent. The Court concludes that subsection 1 of the 1989 Letter Agreement — "Niro grants to Joy the exclusive right to bring suit for infringement of that United States patent and assigns to Joy all damages for past and future infringements" — must be read in conjunction with the prefatory section of the agreement which states that the letter agreement is to confirm the parties' "arrangement" under which Joy, the "exclusive U.S. licensee" of Niro will bring suit against Flakt for infringement of the '873 patent. The Court's view is that such a reading of the agreement is compelled, since subsection 1 specifically refers to the preface when it states "for infringement of *that* United States patent" (emphasis added), instead of mentioning the '873 patent by name in the subsection. Any other interpretation is merely the work of lawyering designed to rectify the effects which result from a straightforward reading of the 1989 Letter Agreement.

The Court thus concludes that while Joy may have the exclusive right to sue Flakt for infringement of the '873 patent, Joy does not have an assignment of the right to sue any other infringers of the 873 patent.

Thus, under the analysis of *Waterman*, because Niro has reserved one or more substantial rights under the Joy/Niro agreements, the rights that Joy acquired in the '873 patent do not amount to an assignment, and therefore Joy is a licensee. *See Waterman*, 138 U.S. at 255.

2. *Involuntary Plaintiff*

Flakt advocates dismissal under Fed. R. Civ. P. 19(b) because Niro is an indispensable party, who is not subject to the jurisdiction of this Court.

Fed. R. Civ. P. 19 provides in pertinent part:

(a) Persons to be Joined if Feasible. A person who is subject to service of process and whose joinder will not deprive the court of jurisdiction over the subject matter of the action shall be joined as a party in the action if (1) in the person's absence complete relief cannot be accorded among those already parties, or (2) the person claims an interest relating to the subject of the action and is so situated that the disposition of the action in the person's absence may (i) as a practical matter impair or impede the person's ability to protect that interest or (ii) leave any of the persons already parties subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations by reason of the claimed interest. If the person has not been so joined, the court shall order that the person be made a party. If the person should join as a plaintiff but refuses to do so, the person may be made a defendant, or, in a proper case, an involuntary plaintiff.

* * *

(b) Determination by Court Whenever Joinder Not Feasible. If a person as described in subdivision (a)(1)-(2) hereof cannot be made a party, the court shall determine whether in equity and good conscience the action should proceed among the parties before it, or should be dismissed, the absent person being thus regarded as indispensable. The factors to be considered by the court include: first, to what extent a judgment rendered in the person's absence might be prejudicial to the person or those already parties; second, the extent to which, by protective provisions in the judgment, by the shaping of relief, or other measures, the prejudice can be lessened or avoided; third, whether a judgment rendered in the

person's absence will be adequate; fourth, whether the plaintiff will have an adequate remedy if the action is dismissed for nonjoinder.

In *Independent Wireless Telegraph Co.* v. *Radio Corp. of America*, 269 U.S. 443 (1926), the Supreme Court held that in an infringement action instituted by an exclusive licensee, the owner of the patent is indispensable as a party, "not only to give jurisdiction under the patent laws but also, in most cases, to enable the alleged infringer to respond in one action to all claims of infringement for his act, and thus either to defeat all claims in the one action, or by satisfying one adverse decree to bar all subsequent actions." *Id.* at 468. The Supreme Court also held that when the patent owner is beyond the jurisdiction of the Court and refuses to join the action voluntarily upon notice of the action, the exclusive licensee may make the patent owner a co-plaintiff without the owner's consent if there is no other way of securing justice. *Id.* at 472; *accord Sheldon* v. *West Bend Equipment Corp.*, 718 F.2d 603, 606 (3d Cir. 1983). It is clear that the patent owner may be joined as an involuntary plaintiff only after he has been given the chance to join the action voluntarily and declines to do so, and that if the patent owner continues to refuse to take part in the action after being joined as an involuntary plaintiff, he will nonetheless be bound by any decree which follows. *Id.* at 459.

For purposes of this case, the Court finds that Niro, a Danish corporation, is beyond the jurisdiction of the Court and has refused to join the action voluntarily upon the request of Joy. Further, the Court finds that an adequate and binding remedy cannot be secured without the presence of Niro.[2]

---

[2]The Court makes this finding despite a May 8, 1990 letter from Anderson, President of Niro, to counsel for Joy in which Niro states: "if absolutely required by the court . . . A/S Niro Atomizer would agree to be bound by the decision of that court as to the validity, enforceability and scope of our U.S. Patent No. 4,279,873."

Under the circumstances, the Court has no choice but to grant Joy leave to join Niro as an involuntary plaintiff pursuant to Fed. R. Civ. P. 19(a). Once Joy seeks to join Niro as an involuntary plaintiff, Flakt's Motion to Dismiss will be denied, however, in the interim the Court will reserve decision on Flakt's motion.

B. *Flakt's Motion for Separate Trials and a Stay of Discovery*

As stated earlier, Flakt contends that the liability and damages phases of the instant trial should be bifurcated into two separate trials in order that (1) the jury would be better able to comprehend the complex and diverse issues presented; (2) the trial be conducted as expeditiously as possible; and (3) expensive and time-consuming pre-trial discovery on damages be avoided if Joy does not prevail at the liability stage. Flakt asserts that there is virtually no overlap in the issues of liability and damages, thus there is no danger of two separate juries finding conflicting facts. If two separate trials are ordered, Flakt contends that a stay of discovery on the issue of damages would be appropriate.

Joy opposes bifurcation into two separate trials because Joy asserts that (1) there is a substantial overlap of issues, namely as to commercial success, evaluation of prior art, and interpretation of the Joy/Niro agreements; (3) [*sic*] two separate trials would cause the plaintiff substantial delay; (3) Flakt offers no evidence to support its assertion of alleged confidentiality of information that is discoverable in the damages phase; (4) factual questions resolved by one jury, which could be re-examined by another jury, violates the Seventh Amendment; and (5) Flakt delayed bringing its bifurcation motion until it obtained from Joy the type of information on damages, allegedly sensitive, that it now seeks to withhold.

Fed. R. Civ. P. 42(b) states in pertinent part:

> Separate Trials. The court, in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition and economy, *may* order a separate trial of any claim.

(emphasis added).

The Court is given broad discretion in determining, on a case-by-case basis, whether bifurcation is appropriate. *Lis* v. *Robert Packer Hospital*, 579 F.2d 819, 824 (3d Cir. 1978). The Court finds that Flakt has failed to demonstrate a compelling reason in support of its application for bifurcation. In fact, the Court finds that there is at least a limited amount of overlapping evidence on the issue of evaluation of prior art, first as it pertains to validity and infringement of the '873 patent, and secondly as it pertains to damages for infringement, if infringement is found. Although a minor overlap of evidence does not militate strongly against bifurcation, it certainly does not weigh in favor of bifurcation. *See Willemijn Houdstermaatschaapij* v. *Apollo Computer*, 707 F.Supp. 1429, 1434 (D.Del. 1989).

The Court also finds that there is at least minimally over-lapping evidence on commercial success first as it pertains to infringement and second as it pertains to damages.

Further, defendant Flakt's assertion of the affirmative defense of laches, in ¶ 27 of its Answer to the instant Complaint, also weighs against bifurcation. In order to prove laches, the defendant must prove (1) unreasonable delay in the assertion of the claim; and (2) prejudice or resulting injury. Joy asserts that in order to contest the laches defense, it must be able to inquire into alleged damages during the liability phase of the trial. The Court, although not fully convinced of the merit of the damages aspect of the laches defense, finds again that there may be some overlap in the presentation of evidence.

In addition, the Court believes there are other significant reasons that favor a unitary trial, including (i) the danger of two

separate juries finding conflicting facts; (2) inevitable delay, and resulting prejudice to plaintiff, of two separate trials. *See Willemijn Houdstermaatschaapij*, 707 F.Supp. at 1435; and (3) the possibility of bifurcation of the issues of liability and damages in two separate phases of a single trial.

With all this in mind, the Court concludes that Flakt's Motion for Separate Trials, and for a Stay of Discovery, shall be denied, and therefore, Flakt's Motion for a Protective Order Staying Discovery until the Motion for Separate Trials is decided is now moot.

C. *Flakt's Motion for a Protective Order*

Flakt contends that Joy's attempted discovery from Flakt's customers is a form of harassment which could jeopardize Flakt's business relationship with its customers, possibly leading to irreparable injury to Flakt, especially in light of the fact that Joy is a major competitor of Flakt in the sale of FGD systems. Flakt argues that Joy has failed to demonstrate that the information it seeks cannot be obtained from Flakt. Flakt contends that Joy has requested from Flakt much of the same information that Joy has requested from Flakt's customers.

Flakt seeks a protective order preventing Joy from seeking discovery from any customers or potential customers of Flakt, until Joy makes a showing that the information it seeks is necessary and relevant to this action, and that the information cannot be obtained from any other source, particularly Flakt.

In response, Joy asserts that the information sought is both relevant and necessary to this action. Joy argues that Flakt lacks standing to challenge certain discovery requests of third parties, that the protective order sought is overly broad, and that Flakt has failed to demonstrate that it is entitled to the protective order. Specifically, Joy contends that Flakt has not shown that the information that Joy seeks from Flakt's customers constitutes trade secrets, and that disclosure of alleged

trade secrets under the existing protective order would harm Flakt. Joy additionally asserts that Flakt's charges of harassment and harm are unfounded and based on speculation.

At this juncture, the Court cannot ascertain whether Joy is seeking discovery from Flakt's customers in an attempt to harass. Nonetheless, it is undisputed that Joy and Flakt are fierce competitors in the technology that is the subject of this lawsuit, and Joy has not convinced the Court that the same information it seeks from third parties is not available from Flakt. Therefore, unless Joy can demonstrate that it has a specific need for evidence available only from third party customers of Flakt, the Court concludes that Flakt and its customers are entitled to protection. Thus, Flakt's Motion for a Protective Order will be granted, as asserted in its amendment to the Motion relating to discovery of information from Flakt's customers.

IV. CONCLUSION

For the reasons cited herein (1) Joy is granted leave to join Niro as an involuntary plaintiff; (2) the Court reserves decision on Flakt's Motion to Dismiss; (3) Flakt's Motion for Separate Trials and a Stay of Discovery is DENIED; (4) Flakt's Motion for a Protective Order Staying Discovery (pending disposition of the Motion for Separate Trials) is MOOT; and (5) Flakt's Motion for a Protective Order is GRANTED, as asserted in its amended motion relating to discovery of information from Flakt's customers.

An appropriate Order will be entered.

(3)

Supreme Court, U.S.
FILED
FEB 12 1996
CLERK

No. 95-1115

In The

Supreme Court of the United States

October Term, 1995

FLAKT, INC.,

Petitioner,

vs.

JOY TECHNOLOGIES, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

ROBERT A. SCHROEDER
Counsel of Record
EDWARD G. POPLAWSKI
PAUL D. TRIPODI, II
PRETTY, SCHROEDER,
BRUEGGEMANN & CLARK
Attorneys for Respondent
444 South Flower Street, Suite 2000
Los Angeles, California 90071
(213) 622-7700

8270
Lutz Appellate Services, Inc.
(800) 3 APPEAL • (800) 5 APPEAL • (800) BRIEF 21

23pp

RESPONSES TO QUESTIONS PRESENTED BY THE PETITION

Respondent responds to the "Questions Presented" by Petitioner as follows:

A. Petitioner's Question No. 1

> Does not the plain meaning of Rule 19(a) of the Federal Rules of Civil Procedure preclude joinder of a person as an "involuntary plaintiff" to an action where the person is not "subject to service of process"?

Response:

No. The provision of Rule 19(a) relating to involuntary plaintiffs is specifically intended to deal with persons who are *not* subject to the jurisdiction of the court but are bound by the outcome of the case, as concluded by all four circuits that have considered the question.

B. Petitioner's Question No. 2

> Does not Fed. R. Civ. P. 19 control on questions of joinder, such that application of the pre-Rule procedure of *Independent Wireless Telephone Co. v. Radio Corp. of America*, 269 U.S. 459, 46 S. Ct. 166 (1926), wherein a patent licensee's infringement action was saved from dismissal by allowing the absent patent owner who was "beyond the reach of process" to be "made co-plaintiff by the licensee," no longer is permissible?

Response:

No. Rule 19(a) explicitly preserves the status of "involuntary plaintiff" as defined in *Independent Wireless Telephone Co. v. Radio Corp. of America*, 269 U.S. 459, 46 S. Ct. 166 (1926).

C. Petitioner's Question No. 3

> May a district court in a patent infringement action brought by a licensee disregard the plain meaning of Fed. R. Civ. P. 19 by permitting joinder of an absent patent owner as an "involuntary plaintiff" to save the action from dismissal, when the owner is a foreign company not subject to the court's jurisdiction, thereby disabling the defendant from obtaining relevant discovery, while the patent owner nevertheless actively controls the action and fully cooperates with its licensee to facilitate prosection of the action?

Response:

The "plain meaning" of Rule 19(a) is that a person not subject to jurisdiction of the court can be designated an "involuntary plaintiff" in a "proper case." This is a proper case because the District Court, contrary to assumption contained in the question, went to considerable lengths to insure that the involuntary plaintiff did cooperate in discovery. There was no manipulation of the judicial process, nor was there prejudice to Petitioner.

PARTIES TO THE PROCEEDINGS

The parties to this proceeding are set out in the caption.

Pursuant to Supreme Court Rule 29.6 Respondent Joy Technologies Inc. has no subsidiaries that are not wholly owned. The following is a parent company of Respondent:

Harnischfeger Industries, Inc.

TABLE OF CONTENTS

	Page
Responses to Questions Presented by the Petition	i
Parties to the Proceedings	iii
Table of Contents	iv
Table of Citations	v
Opinion Below	1
Flakt's Statement of Facts is Highly Misleading	1
A. The Procedure Used In This Case Did Not Result From Collusion or Manipulation of the Judicial System	1
B. Niro Co-operated in Discovery	4
Summary of Argument	6
Reasons for Denying the Writ	7
I. An Involuntary Plaintiff Need Not be Subject to Service of Process.	7
II. The Language of Rule 19(a) Itself Does Not Support Flakt's Position.	10
III. The Petition Ignores the "Proper Case" Requirement of Rule 19(a).	11

Contents

Page

IV. The Scope of Joy's Rights Under the License Not Only Justified the Use of the Involuntary Plaintiff Procedure, But Was Sufficient to Permit Joy to Sue Without Naming Niro at all. 13

Conclusion 15

TABLE OF CITATIONS

Cases Cited:

ABB Flakt, Inc. v. A/S Niro, C.A. No. 91-1429 (D.D.C. 1992) 4, 5

Abbott Laboratories v. Diamedix Corp., 47 F.3d 1128 (Fed. Cir. 1995) 8

Catanzaro v. International Tel. & Tel. Corp., 378 F. Supp. 203 (D. Del. 1974) 9

Costello Publishing Co. v. Rotelle, 670 F.2d 1035 (D.C. Cir. 1981) 12

Erbamont Inc. v. Cetus Corp., 720 F. Supp. 387 (D. Del. 1989) 8

Followay Productions, Inc. v. Maurer, 603 F.2d 72 (9th Cir. 1979) 8

Independent Wireless Telephone Co. v. Radio Corp. of America, 269 U.S. 459, 46 S. Ct. 166 (1926) ..... i, ii, 6, 7

Contents

	Page
Para-Ordnance Manufacturing, Inc. v. SGS Importers International, Inc., Nos. 94-1486, 94-1487, 1995 U.S. App. Lexis 36878 (Fed. Cir., Dec. 28, 1995)	14
Parkson Corp. v. Fruit of the Loom Inc., 28 U.S.P.Q. 2d 1066 (E.D. Ark. 1992)	9
Rose Hall, Ltd. v. Chase Manhattan Overseas Banking Corp., 494 F. Supp. 1139 (D. Del. 1980)	9
Sheldon v. West Bend Equipment Corp., 718 F.2d 603 (3rd Cir. 1983)	8
SIG Swiss Industrial Co. v. Fres-Co System U.S.A., Inc., 20 U.S.P.Q. 2d 1148 (E.D. Pa. 1991)	9
Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A., 944 F.2d 870 (Fed. Cir. 1991)	8, 11
VE Holding Corp. v. Johnson Gas Appliance Co., 917 F.2d 1574 (Fed. Cir. 1990), *cert. denied*, 499 U.S. 922, 111 S. Ct. 1315 (1991)	4
Waterman v. Mackenzie, 138 U.S. 252, 11 S. Ct. 334 (1891)	13
Willingham v. Lawton, 555 F.2d 1340 (6th Cir. 1977) ..	8
Statute Cited:	
35 U.S.C. § 281	13

Contents

Page

Rules Cited:

Federal Rule of Civil Procedure 19 ..... i, ii, 6, 7, 12

Federal Rule of Civil Procedure 19(a) .....
..... i, ii, 4, 6, 7, 8, 9, 10, 11, 13, 14, 15

Federal Rule of Civil Procedure 44.1 6

Other Authorities Cited:

7 Charles A. Wright *et al., Federal Practice & Procedure* § 1606 (2d Ed. 1986 and Supp. 1993) 8

3A James W. Moore *et al., Moore's Federal Practice* ¶ 19.06 (2nd Ed. 1995 and Supp. 1994-95) 8

OPINION BELOW

The opinion of the Court of Appeals for the Federal Circuit to which the petition applies is a unanimous decision of a three-judge panel that has been designated by that court as not citable as precedent. The opinion has been the subject of two requests for reconsideration and rehearing *en banc* on precisely the same issue presented by the petition.

FLAKT'S STATEMENT OF FACTS IS HIGHLY MISLEADING

A. The Procedure Used In This Case Did Not Result From Collusion or Manipulation of the Judicial System

Flakt's petition presents a distorted view of the facts, particularly as to the timing, nature and origin of Joy's relationship to Niro and the patent-in-suit ("the '873 patent"). Contrary to Petitioner's assertions, Joy's right to bring this case did not arise from an agreement between Joy and Niro entered into shortly before the complaint was filed. Instead, Joy's relationship to Niro and the '873 patent originated more than a decade earlier. The purpose of a long series of Joy/Niro agreements was to give Joy patent rights of very substantial value, not to put Flakt at some perceived procedural disadvantage.

Since 1977 there has been a series of contracts between Joy and Niro, the owner of record of the '873 patent, under which those parties jointly developed and later built systems of the patented type.[1] It was pursuant to the first of these contracts that Joy and Niro jointly built and operated research facilities that led

1. Evidence of the first of such arrangement is found at: November 2, 1977 Joy/Niro agreement, PX171; Kaplan trial testimony, Tr. 1336; Felsvang trial testimony, Tr. 83-84.

to the development of the patented invention. (Felsvang trial testimony, Tr. 81-88, 107, 128-131; Morford trial testimony, Tr. 252-255). These facilities were constructed at a cost of more than $15,000,000. (Morford trial testimony, Tr. 253) Although Joy and Niro shared this cost equally, the patent was assigned to Niro because the inventors were Niro employees. (Felsvang trial testimony, Tr. 74-75).

Under the original 1977 Joy/Niro agreement, Joy had substantial rights relating to the patented systems, including the right to be the prime contractor on all large systems. (November 2, 1977 Joy/Niro agreement, PX171; Kaplan trial testimony, Tr. 1336; Felsvang trial testimony, Tr. 83-84). In 1985, this arrangement was modified so that Joy acquired "exclusive" rights to the patented process in North America on large and small systems, subject only to very limited transitional rights retained by Niro (June 24, 1985 Joy/Niro agreement, PX75), as discussed below. To compensate Niro for the transfer to Joy of these additional rights relating to the patented process, Joy paid Niro $8,550,000 and agreed to continue paying a royalty. (Morford trial testimony, Tr. 256-258, 288-290; June 24, 1985 Joy/Niro agreement, PX75). Niro retained record ownership of the patent.

When suit was brought against Flakt in 1989 it was Joy, the licensee, that had by far the greater interest in enforcement of the '873 patent and was well on its way toward $360,000,000 in sales of the patented systems. (Brown trial testimony, Tr. 350). Joy competed head-to-head with Defendant Flakt in making those sales. Niro, on the other hand, had a strong interest in maintaining a harmonious relationship with Flakt, owing to a Niro/Flakt agreement by which Flakt was profitably licensed by Niro under European patents corresponding to the '873 U.S. patent.[2] Moreover, Flakt was a major European customer of

2. Reference is made to the Flakt organization generally, including Flakt, Inc. and its foreign parent.

Niro. (Felsvang trial testimony, Tr. 139-141; Jan. 14, 1986 agreement between A/S Niro Atomizer and Flakt, AB, PX29). Thus, Niro had good reason to acquiesce in the *status quo*, even though Flakt was poaching in Joy's exclusive United States territory. The District Court made a well-supported finding that Niro refused to join in this action voluntarily. (Appendix C to Petition, A19-20; Mar. 3, 1990 letter from J. Davis to O. Andersen; May 8, 1990 letter from O. Andersen to J. Davis).

Flakt's petition erroneously characterizes the contract between Joy and Niro that permitted Joy to sue as having been arranged only "One week before the suit was commenced," creating a false and unwarranted implication of collusion (p. 4). In fact, Joy's right to sue infringers derives from the 1985 agreement, which precedes the commencement of this action by four years, not one week. That agreement gave Joy the right to sue any infringer if Niro failed to do so within ninety days of a request by Joy that such action be taken (a common provision in license agreements, recognizing that the interest of the licensee in having the patent enforced may exceed that of the licensor). Joy also had a right under the 1985 agreement to receive from Niro "all information and assistance" relating to any suit it brought. (June 24, 1985 Joy/Niro agreement, Section 14.9, PX75). All that the 1989 modification did is waive the ninety day waiting period and resolve the question — unaddressed in the 1985 agreement — of how the proceeds of the litigation were to be divided (50/50). (Sept. 22, 1989 Joy/Niro letter agreement, PX499). It was not the origin of Joy's right to sue.

Joy did bring suit in its own name against Flakt in 1989, in the District of Delaware where Niro was not subject to jurisdiction. (Kaplan trial testimony, Tr. 1334-1335; Appendix C to Petition, A19-20). It does not appear from the record that there was any district in which Joy could have been confident of

obtaining personal jurisdiction over both Flakt and Niro.[3] When Flakt moved to dismiss Joy's complaint based on the absence of Niro as a party, the District Court held that Joy is an "enhanced licensee," but not the full equivalent of an assignee, and thus could not sue for infringement by itself. The Court, however, granted Joy leave to join Niro as an involuntary plaintiff under Fed. R. Civ. P. 19(a) and proceed with the case. (Appendix C to Petition). The District Court did so having before it the 1985 Agreement, the 1989 modification and a letter by which Niro agreed to be bound by the result of the case. (May 8, 1990 letter from O. Andersen to J. Davis; May 31, 1990 Declaration of James C. Doub; June 24, 1985 Joy/Niro agreement, PX75; Sept. 22, 1989 Joy/Niro letter agreement, PX499).

In June of 1991, well before the trial of this action took place, Flakt brought a declaratory judgment action against Niro in the District of Columbia to have the '873 patent declared invalid. Niro successfully moved to have that action dismissed on the ground that it would be moot because Niro and Flakt would both be bound by the results of the Delaware action brought by Joy.[4]

B. Niro Co-operated in Discovery

The Delaware District Court properly took note of Flakt's need for discovery from Niro. As accurately stated at page 6 of Flakt's second "suggestion" to the Federal Circuit that this case be heard *en banc*:

---

3. Suit was brought in 1989, before the decision in *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1583 (Fed. Cir. 1990), *cert. denied*, 499 U.S. 922, 111 S. Ct. 1315 (1991), holding that a broader choice of forum is available to the plaintiff in a patent case.

4. *ABB Flakt, Inc. v. A/S Niro*, C.A. No. 91-1429 (D.D.C. 1992).

> The [district] court indicated that it would expect Niro to thereafter "cooperate" in discovery, else Joy would run the risk that the court would reconsider its prior ruling that "saved" the case and thus perhaps dismiss the action as Flakt had originally requested.

As to the amount of discovery to be provided by Niro, the District Court said "If you can't agree, I can tell you what is reasonable." The District Court then gave specific examples of discovery it would require. (Oct. 15, 1991 District Court hearing, Tr. 67-68). Flakt did, in fact, obtain from Niro not only a voluminous production of documents,[5] but a deposition of the principal inventor, Karsten Felsvang, who was still a Niro employee. That deposition became so protracted that Joy was forced to obtain an order limiting its length. (Nov. 27, 1991 District Court Order, page 2).

Although Flakt now asserts that Niro did not cooperate in discovery, the record shows that Flakt never once asked the District Court to address such a contention, nor did it ask the District Court to act on its offer to reconsider the decision to permit the case to proceed if Niro did not co-operate. Later, the District Court was to find that "Niro has complied with all of Flakt's discovery requests." (Dec. 10, 1993 District Court Order). Flakt never sought further discovery from Niro under The Hague Convention.[6]

---

5. Oct. 15, 1991 District Court hearing, Tr. 67-68; Oct. 17, 1991 letter from J. Doub to R. Schroeder and P. Lempel; Nov. 6, 1991 letter from J. Doub to P. Lempel; Nov. 7, 1991 letter from J. Doub to P. Lempel; Nov. 15, 1991 letter from J. Doub to P. Lempel.

6. *Flakt* submitted to the District Court a declaration by a Danish attorney stating that "Denmark is bound by the [Hague] Convention to assist in obtaining access to documents from Niro," and that Flakt would be able to

(Cont'd)

Flakt asserts here (page 5) that it was prejudiced because Niro was late in producing certain documents, but it never made such a complaint to the District Court, nor did it seek a continuance of the trial or other such relief. Accordingly, the record contains no evidence that would support Flakt's assertion that it was in any way prejudiced by a lack of discovery from Niro.

SUMMARY OF ARGUMENT

Rule 19(a), third sentence, provides for two categories of persons who should be plaintiffs but refuse to join voluntarily, (1) defendants to be realigned as plaintiffs, and (2) involuntary plaintiffs. If the person is subject to jurisdiction, initial status as a defendant and realignment is clearly appropriate. If the person is not subject to jurisdiction, involuntary plaintiff status is appropriate "in a proper case." Under Petitioner's contrary analysis of Rule 19(a), the provision for involuntary plaintiffs would serve no purpose. Defendants and involuntary plaintiffs would not be distinguished in any way. The only logical conclusion is that Rule 19, as most recently amended in 1966, is consistent with the long established definition of an involuntary plaintiff as a person not subject to jurisdiction.

Petitioner's argument that the involuntary plaintiff procedure, as set forth in *Independent Wireless Telephone Co. v. Radio Corp. of America*, 269 U.S. 459, 46 S. Ct. 166 (1926), is easily subject to abuse and should therefore be abolished, ignores the provision of Rule 19(a) that this procedure is to be used only "in a proper case." Thus it cannot be used where there is thought to be collusion or where it would be misapplied to

---

(Cont'd)

take depositions of Niro's employees, subject to certain formalities. (April 18, 1990 Declaration of Hakon Schmidt, Sections 3 and 5). It is proper to determine foreign law based on this declaration, Fed. R. Civ. P. 44.1.

circumvent discovery. However, there has been nothing of that nature in this case, and the district court went to extraordinary lengths to insure that discovery was available to the Petitioner.

Finally, the propriety of using the involuntary plaintiff procedure is moot under the facts of this case. Joy had sufficient rights to sue by itself and it was not truly necessary to name Niro in any capacity.

REASONS FOR DENYING THE WRIT

I.

AN INVOLUNTARY PLAINTIFF NEED NOT BE SUBJECT TO SERVICE OF PROCESS.

This Court endorsed reliance on involuntary plaintiff status under factual circumstances very similar to those of the present case in *Independent Wireless Telegraph Co. v. Radio Corp. of America*, 269 U.S. 459, 46 S. Ct. 166 (1926). A patent licensee was allowed to sue an infringer by naming the patent owner, over whom the court did not have jurisdiction, as an involuntary plaintiff. The commentator's notes to the original Rule 19 cited *Independent Wireless* as an example of a situation in which the involuntary plaintiff procedure could properly be used.

Flakt argues (page 13) that the 1966 amendment to Rule 19(a), although it retains the long established term "involuntary plaintiff," has fundamentally changed the meaning of that term so that now only persons over whom the Court does have jurisdiction can be so designated, whereas before the amendment only persons over whom the Court did not have jurisdiction could be so designated. Thus, Flakt argues that the 1966 amendment reversed the established meaning of the term "involuntary plaintiff," despite the fact that the Rule itself does

not say so, nor is there anything in the commentator's notes suggesting that such an about face was intended.

Flakt's argument is squarely at odds with all four circuits that have spoken on the point *after the 1966 amendments*. The Federal Circuit, prior to the decision now called into question, unequivocally stated in *Abbott Laboratories v. Diamedix Corp.*, 47 F.3d 1128, 1133 (Fed. Cir. 1995)[7] that an involuntary plaintiff "is not subject to service of process." Petitioner's suggestion (page 18) that this procedure has been considered and ruled upon only by the Federal Circuit is simply wrong. Consistent rulings by other circuits are found in *Sheldon v. West Bend Equipment Corp.*, 718 F.2d 603, 606 (3rd Cir. 1983), *Followay Productions, Inc. v. Maurer*, 603 F.2d 72, 74-75 (9th Cir. 1979), and *Willingham v. Lawton*, 555 F.2d 1340, 1346 (6th Cir. 1977). The principal commentators are in agreement with the interpretation of Rule 19(a) shared by these four circuits. 3A James W. Moore *et al.*, *Moore's Federal Practice* ¶ 19.06 at 19-86 and 19-87 (2nd Ed. 1995 and Supp. 1994-95); 7 Charles A. Wright *et al.*, *Federal Practice & Procedure* § 1606 at 72-74 (2d Ed. 1986 and Supp. 1993).

Petitioner's citation of *Erbamont Inc. v. Cetus Corp.*, 720 F. Supp. 387 (D. Del. 1989) reflects the absence of any real support

---

7. Flakt argues, in footnote 5 on p.8, that *Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A.*, 944 F.2d 870, 876 (Fed. Cir. 1991) is inconsistent with *Abbott Laboratories, supra*. However, *Vaupel* held that the plaintiff had sufficient rights to be considered the equivalent of an assignee and could properly sue for infringement without naming the licensor/assignor in any capacity. Flakt relies on note 1, p. 876 of the decision, but that note merely points out that if a party is indispensable under Rule 19(a) and is absent it *may* be necessary to dismiss. The Court simply did not consider or address at all the possibility of naming a patent owner/licensor as an involuntary plaintiff. In fact, involuntary plaintiff status is not mentioned or discussed anywhere in *Vaupel*, nor was any consideration given to whether that was a "proper case" for reliance on that status.

for the position it urges. That court held that the party in question was not needed at all and thus never faced the issue of whether involuntary plaintiff status was appropriate. The implications that Petitioner would find in that case require a very imaginative reading, to say the least.[8]

Flakt's relies on, and quotes extensively from *Catanzaro v. International Tel. & Tel. Corp.*, 378 F. Supp. 203, 209 (D. Del. 1974), as if this District Court decision, more than twenty years old, could justify granting the petition. More recently, however, in *Rose Hall, Ltd. v. Chase Manhattan Overseas Banking Corp.*, 494 F. Supp. 1139, 1150 at n. 14 (D. Del. 1980), *Catanzaro* was characterized as the "only" case supporting Flakt's position and was expressly not followed by the very district that had decided *Catanzaro*, this being the same district that rendered the decision now on appeal. Contrary to Petitioner's assertions, there is not at present a "conflict" within the District of Delaware, or anywhere else, concerning the meaning of Rule 19(a).

---

8. At page 12 the Petition cites, but does not discuss, two additional district court cases that supposedly support its position. However, in *SIG Swiss Industrial Co. v. Fres-Co System U.S.A., Inc.*, 20 U.S.P.Q. 2d 1148, 1151 (E.D. Pa. 1991) involuntary plaintiff status was not proposed or considered because the patent owner had not agreed to be bound by the outcome. The case has no relevance here.

In *Parkson Corp. v. Fruit of the Loom Inc.*, 28 U.S.P.Q. 2d 1066, 1071 (E.D. Ark. 1992) the court decided to proceed without the patent owner, who was not regarded as "indispensable" under Rule 19(b). If *Parkson* were followed here, the joinder of Niro would have been unnecessary and the question of whether it was proper to join Niro as an involuntary plaintiff would have been moot. Comments in *Parkson* about involuntary plaintiffs are dicta.

II.

THE LANGUAGE OF RULE 19(a) ITSELF DOES NOT SUPPORT FLAKT'S POSITION.

The third sentence of Rule 19(a), which is the subject of the Petition, reads as follows:

> If the person should join as a plaintiff but refuses to do so, the person may be made a defendant, or, in a proper case, an involuntary plaintiff.

Thus, the Rule clearly states that there are *two* categories of persons who should be plaintiffs but will not join the action voluntarily. There are "defendants" and "involuntary plaintiffs." If we were to accept Flakt's argument that the introductory phrase of the first sentence of Rule 19(a), addressing persons subject to service, applies to both the defendants and the involuntary plaintiffs mentioned in the third sentence, then the provision for involuntary plaintiffs would serve no purpose. An "involuntary plaintiff" would be indistinguishable from a "defendant" in this context. The only logical conclusion to be drawn is that a person who should be a plaintiff but refuses to join voluntarily and is subject to jurisdiction can be made a *defendant,* whereas a person who refuses to join voluntarily is not subject to jurisdiction can, under some circumstances, be made an *involuntary plaintiff.* The definition of "involuntary plaintiff" remains what it has always been, a party bound by the outcome, who should be a plaintiff but refuses to join and is not subject to service.

III.

THE PETITION IGNORES THE "PROPER CASE" REQUIREMENT OF RULE 19(a).

Rule 19(a) does not dictate that involuntary plaintiff status on the part of the patent owner is appropriate in all infringement actions brought by a licensee. The rule states that this approach may be used only "in a proper case." It is probably impossible to catalog all the circumstances which would render this procedure improper; such determinations must be made on a case-by-case basis. However, the Petitioner's assertion (page 9) that Rule 19(a), as interpreted by the Courts of Appeal, "provides a road-map for collusion" ignores the "proper case" requirement of the rule and hypothecates a problem that simply does not exist.

The most compelling reason for refusing to apply the involuntary plaintiff procedure would be a concern that the defendant would be subject to multiple lawsuits and conflicting claims. *Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A.*, 944 F.2d 870, 875 (Fed. Cir. 1991). ("The policy underlying the requirement to join the owner when an exclusive licensee brings suit is to prevent the possibility of two suits on the same patent against a single infringer.") However, Flakt cannot make a plausible argument that there is any such possibility here. Not only did Niro agree in advance to be bound by the outcome of this action, but it also obtained the dismissal of Flakt's District of Columbia declaratory judgment action, well before the trial, on the very basis that it would be bound by the outcome of this case. (Sec. A). Obviously, Niro could not have disavowed any adverse holding in this case.

Flakt suggests, without any evidentiary support, that Joy's use of the involuntary plaintiff procedure is part of some collusive and nefarious scheme, causing Flakt to be prejudiced

because it assertedly could not obtain from Niro the discovery it needed. As discussed above, however, the record shows that the District Court was careful to guard against this possibility, taking considerable pains to ensure that Flakt received from Niro all the discovery to which it was entitled and stating that it would revisit the propriety of using the involuntary plaintiff procedure if Joy did not or could not see to it that Flakt received that Niro discovery. The District Court's handling of this case was exemplary of the proper use of the involuntary plaintiff procedure.

If Flakt believed that it did not receive all the discovery to which it was fairly entitled, it was incumbent on Flakt to raise this point with the District Court, as it was invited to do. The matter could then have been addressed properly and evidence could have been brought to bear. If Flakt had contended then that it was prejudiced by a late production of documents by Niro, the District Court could have determined what documents were in question, when they were requested, whether they were produced late and if so why, and whether there was any resulting prejudice. This discovery matter should not be decided by the Supreme Court without an appropriate record.

It should also be remembered that Niro's status as an involuntary plaintiff, even without the special assurances of full discovery that the District Court gave Flakt, could not have placed Flakt in an anomalously disadvantageous position. A defendant in a patent case has no assurance or expectation that the party bringing suit will be the party that originally obtained the patent and that it will not be necessary to rely on third party discovery. As held in *Costello Publishing Co. v. Rotelle*, 670 F.2d 1035, 1044 (D.C. Cir. 1981), the question of who should be a party under Rule 19 is quite separate from questions of discovery.

Petitioner relies (page 9) on an impassioned argument about foreign patent owners who, Petitioner supposes, prearrange to have their patents asserted by their proxies, somehow gaining thereby an unfair advantage.[9] Should such circumstances arise — and they certainly did not arise here — that would not be a "proper case" for the use of the involuntary plaintiff procedure of Rule 19(a). It should not be assumed however that the lower courts would fail to deal adequately with such a situation under existing law.

IV.

THE SCOPE OF JOY'S RIGHTS UNDER THE LICENSE NOT ONLY JUSTIFIED THE USE OF THE INVOLUNTARY PLAINTIFF PROCEDURE, BUT WAS SUFFICIENT TO PERMIT JOY TO SUE WITHOUT NAMING NIRO AT ALL.

Under 35 U.S.C. § 281, a "patentee" can bring suit. It was recognized long ago, however, that an assignee, or a licensee who has substantially all the rights of an assignee, can bring suit alone and in its own name. *Waterman v. Mackenzie*, 138 U.S. 252, 11 S. Ct. 334, 335 (1891).

Rule 19(a) sets forth a procedure whereby a licensee who does not have sufficient rights to bring suit without the patent owner can nonetheless sue if the owner is named as an involuntary plaintiff. It is sometimes said that the licensee who uses the involuntary plaintiff procedure must have "exclusive" rights, but clearly this does not mean that the licensee must have

---

9. It would take a very conspiratorial predisposition indeed to conclude that the agreement entered into four years before suit was brought, resulting in payments to the record owner of the patent of more than $8,000,000, was in reality a sham transaction the purpose of which was to gain some doubtful procedural advantage in the conduct of this case.

all the rights of an assignee. Rights of that nature would obviate the need to use the involuntary plaintiff procedure, as the licensee could simply sue by itself. *Para-Ordnance Manufacturing, Inc. v. SGS Importers International, Inc.*, Nos. 94-1486, 94-1487, 1995 U.S. App. Lexis 36878 (Fed. Cir., Dec. 28, 1995). Rule 19(a) thus provides a remedy for the licensee damaged by the infringement who does not have sufficient rights to sue without the patent owner, but only when the rights of the infringer are properly protected, as they were in this case.

The District Court, taking a conservative approach, characterized Joy as having sufficient rights to sue if it named the patent owner, Niro, as an involuntary plaintiff, but not enough rights to sue alone. (Appendix C to Petition, A15). To determine whether the District Court was correct, we must look to the 1985 agreement (the 1989 modification did not change the *scope* of Joy's rights) and we must ask two questions. First, is Joy an "exclusive licensee" with such rights that it was not necessary to join Niro in any capacity? Second, if Joy could not sue alone, did it have sufficient rights to take advantage of the involuntary plaintiff procedure of Rule 19(a)? In *Vaupel, supra* at 874-876, it was held that a licensee with rights very similar to those of Joy could proceed without joining the patent owner in any capacity. Certainly Joy could at least meet a lower standard and had sufficient rights to proceed after it named Niro as an involuntary plaintiff.

The 1985 agreement (June 24, 1985 Joy/Niro Agreement, PX75) provides in Article II(a) that the license is "exclusive (except for those activities in North America which [Niro] is permitted to pursue under the provisions of Article XIII of this Agreement)." Article XIII, Section 13.2, makes it very clear that Niro cannot compete with Joy except with respect to: (a) other agreements between Joy and Niro (the Record reveals none); (b) a specific contract with the City of Carson; and (c) any other

systems for which a binding contract had been entered at the time. Clearly, the rights that Niro retained were a transitional phase-out provision. In fact, Niro has been out of the United States market entirely since 1985. (Morford March 9, 1990 Deposition Testimony, pp. 54-55; May 31, 1990 Declaration of Claus Nielsen). Thus in 1989, when suit was brought, Joy was an "exclusive" licensee. Not only was Joy fully entitled to avail itself of the involuntary plaintiff procedure of Rule 19(a), but it had sufficient rights to sue without naming Niro at all. In reality the issue that Petitioner raises as to Rule 19(a) is moot under the facts of this case.

CONCLUSION

For the foregoing reasons, Respondent respectfully requests that the Court deny the Petition for Writ of Certiorari.

Respectfully submitted,

ROBERT A. SCHROEDER
Counsel of Record
EDWARD G. POPLAWSKI
PAUL D. TRIPODI, II
PRETTY, SCHROEDER,
BRUEGGEMANN & CLARK
Attorneys for Respondent
444 South Flower Street, Suite 2000
Los Angeles, California 90071
(213) 622-7700

Supreme Court, U.S.
FILED
FEB 20 1996
CLERK

No. 95-1115

In The

Supreme Court of the United States

October Term, 1995

FLAKT, INC.,

Petitioner,

vs.

JOY TECHNOLOGIES, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF FOR PETITIONER

RONALD L. ST. ONGE
Counsel of Record
WILLIAM J. SPERANZA
ST. ONGE STEWARD JOHNSTON & REENS
Attorneys for Petitioner
986 Bedford Street
Stamford, Connecticut 06905
(203) 324-6155

8270
Lutz Appellate Services, Inc.
(800) 3 APPEAL • (800) 5 APPEAL • (800) BRIEF 21

TABLE OF CONTENTS

	Page
I. Joy's Opposition Highlights the Need for a Definitive Decision of this Court on the Important Questions of Federal Law Presented in Flakt's Petition.	1
II. Joy's Statement of Facts Is Not Accurate.	2
A. The Eve-of-Suit Agreement Was for a Collusive Purpose.	2
B. Niro's Alleged Cooperation in Discovery Is Speculation and Cannot Render an Incorrect Decision Retroactively Correct.	4
III. Joy's Legal Arguments Are Incorrect.	5
A. The Issues Presented by Petitioner for Review Are Not "Moot."	5
B. Joy's Failure to Come to Grips with the Plain Meaning of Rule 19(a), Fed. R. Civ. P., Is Indicative of the Confusion in the Application of the Rule.	6
C. The Authorities Relied Upon by Joy Are Not Apropos.	8
Conclusion	10

Contents

Page

TABLE OF AUTHORITIES

Cases Cited:

Abbott Laboratories v. Diamedix Corp., 47 F.3d 1128 (Fed. Cir. 1995) 10

A.L. Smith Iron Co. v. Dickson, 141 F.2d 3 (2d Cir. 1944) 2

Cardinal Chemical Co. v. Morton International Inc., 508 U.S. 83, 113 S. Ct. 1967 (1993) 1

Catanzaro v. International Telephone & Telegraph Corp., 378 F. Supp. 203 (D. Del. 1974) 8, 9

Coast v. Hunt Oil Co., 195 F.2d 870 (5th Cir.), *cert. denied*, 344 U.S. 836 (1952) 6

Contracting Division, A.C. Horn Corp. v. New York Life Insurance Co., 113 F.2d 864 (2d Cir. 1940) 8, 9

Duplan Corp. v. Deering Milliken Research Corp., 522 F.2d 809 (4th Cir. 1975) 9

Erbamont Inc. v. Cetus Corp., 720 F. Supp. 387 (D. Del. 1989) 4, 9

Griggs v. Provident Consumer Discount Co., 459 U.S. 56 (1982) 4

Contents

	Page
Independent Wireless Telephone Co. v. Radio Corp. of America, 269 U.S. 459, 46 S. Ct. 166 (1926)	1
Messerschmitt-Boelkow-Blohm GmbH v. Hughes Aircraft Co., 483 F. Supp. 49 (S.D.N.Y. 1979)	9
Parkson Corp. v. Fruit of the Loom Inc., 28 U.S.P.Q. 2d (BNA) 1066 (E.D. Ark. 1992)	4
Raber v. Pittway Corp., 23 U.S.P.Q. 2d (BNA) 1313 (N.D. Cal. 1992), *affirmed*, 996 F.2d 318 (Fed. Cir. 1993) .	6
Rose Hall, Ltd. v. Chase Manhattan Overseas Banking Corp., 494 F. Supp. 1139 (D. Del. 1980)	8,9
Schlagenhauf v. Holder, 379 U.S. 104 (1964)	7
Tycom Corp. v. Redaction Corp., 380 F. Supp. 1183 (D. Del. 1974)	9

Rules Cited:

Federal Rules of Civil Procedure:

Rule 19	4, 6, 7, 8, 9, 10
Rule 19(a)	1, 6, 7, 8, 9, 10
Rule 19(b)	4, 5, 6, 8, 9
Rule 82	8

I.

JOY'S OPPOSITION HIGHLIGHTS THE NEED FOR A DEFINITIVE DECISION OF THIS COURT ON THE IMPORTANT QUESTIONS OF FEDERAL LAW PRESENTED IN FLAKT'S PETITION.

Joy's Opposition presents no genuine reason why this Court should not address the important questions presented in Flakt's Petition for Writ of Certiorari. Quiet the contrary, Joy's Opposition serves to highlight precisely why Flakt's Petition should be granted and why a decision of this Court is needed:

(1) As Joy's Opposition confirms, the lower courts have been in conflict and confusion with respect to the meaning and application of the "involuntary plaintiff' language of Rule 19(a), Fed. R. Civ. P., as amended in 1966, most notably because the plain language of this Rule, enacted with the authority of this Court, is in conflict with earlier authority of the Court in *Independent Wireless Telephone Co. v. Radio Corp. of America,* 269 U.S. 459 (1926).

(2) The Federal Circuit's purported resolution of this question neither convincingly, nor it is submitted, correctly, resolves the conflict, as even Joy's Opposition struggles with justifying the conclusion on law or policy. Because the question arises almost exclusively in patent law, and because the Federal Circuit's resolution of it carries the potential (indeed, provides a roadmap) for significant abuse of the patent system by foreign owners in enforcing their U.S. patents against U.S. citizens, the question is of importance to the Nation, and only this Court can now be looked to for guidance. *Cardinal Chem. Co. v. Morton Int'l Inc.*, 508 U.S. 83, __, 113 S. Ct. 1967, 1971 (1993) ("Because the Federal Circuit has exclusive jurisdiction over appeals from all United States District Courts in patent litigation, the rule that it applied in this case . . . is a matter of special important to the entire Nation. We therefore granted certiorari.").

II.

JOY'S STATEMENT OF FACTS IS NOT ACCURATE.

Contrary to Joy's assertions, Flakt has in no manner "distorted" the facts (Joy Opp'n at 1), nor is the "implication" of collusion between Joy and Niro "false and unwarranted," (Joy Opp'n at 3).

A. The Eve-of-Suit Agreement Was for a Collusive Purpose.

Joy asserts that this Court should ignore the implications deriving from the Joy-Niro 1989 agreement entered into one week before the action was commenced by Joy because Joy's right to sue derives from years-earlier agreements and activities. Joy, however, ignores that the district court conclusively determined that the 1985 Joy-Niro agreement did *not* give Joy the right to sue without joinder of Niro (A16-17), a ruling from which Joy took no appeal. Joy's argument also leaves unexplained, and is inconsistent with, the fact that the eve-of-suit agreement expressly stated that "Niro *grants* to Joy the exclusive right to bring suit [against Flakt] for infringement." (emphasis added). This grant hardly would have been necessary if, as Joy alleges, it always possessed such right.[1]

---

1. Even if true, it is of no consequence that between Joy and Niro, Joy "had by far the greater interest in enforcement of the [Niro] '873 patent." (Joy Opp'n at 2.) In patent law standing is not determined based upon interest in, or even benefit from, the outcome. As noted by Judge Learned Hand, in *A.L. Smith Iron Co. v. Dickson*, 141 F.2d 3, 6 (2d Cir. 1944),

> It is indeed true that a mere licensee may have an interest at stake in such a suit; his license may be worth much more to him than the royalties which he has agreed to pay, and its value will ordinarily depend on his ability to suppress the competition of his rivals. The reason why he is not permitted to sue is not because he has nothing to protect.

Continuing its theme, Joy asserts that Niro's reason for its eve-of-suit grant to Joy of the exclusive right to proceed against Flakt, and Niro's reason for not voluntarily joining the action commenced by Joy against Flakt, was because of its "strong interest in maintaining a harmonious relationship with Flakt." (Joy Opp'n at 2-3.) Joy's difficulty here is two-fold. First, there is not a shred of evidence in the record where Niro states this "reason" for its actions. Second, the desire for "harmony" is entirely belied by Niro's agreement to supply one-half the funding for the suit, share in one-half the recovery, and cooperate fully with Joy in aid of prosecuting the action.

So too, Joy's assertion that the eve-of-suit agreement merely "resolve[d] the question—left unaddressed in the 1985 agreement — of how the proceeds of the litigation were to be divided" (Joy Opp'n at 3), is patently false. As the district court noted, the existing 1985 agreement already expressly provided that if Niro failed to proceed with suit against an infringer and Joy then instituted the action "in the name of Niro," Joy would bear all costs and receive all benefits from the suit. (A12.)

Indeed, then, it will be seen that the only possible intent of the 1989 eve-of-suit agreement was a collusive one. Under the 1985 agreement Niro would not receive any portion of the proceeds in an action commenced by Joy, but nevertheless, was a required party in such action. Under the 1989 agreement Niro secured a direct monetary stake in the outcome of any such action; yet at the very same time, Joy and Niro sought to *eliminate* the requirement that Niro be a party.[2]

---

2. This collusion is made all the more apparent by the fact that *after* a liability judgment was secured by Joy, facilitated by Niro's absence as a party from whom Flakt could have obtained important discovery to defend the action, Niro then had a curious change of heart and sought, and succeeded over Flakt objection, to *voluntarily join the proceedings as a full party in the damages phase of the action and to assert its own claims for damages.*

B. Niro's Alleged Cooperation in Discovery Is Speculation and Cannot Render an Incorrect Decision Retroactively Correct.

Joy's arguments and assertions with respect to Niro's cooperation in discovery (Joy Opp'n at 4-6, 11-13) are to no avail. The inescapable fact is that owing to Niro's merely "involuntary" status, and the district court's absence of jurisdiction over Niro, Flakt was incapable of ascertaining or insuring that Niro cooperated in providing all information relevant to Flakt's defenses,and it is hardly cynical to suggest that Niro would have little motive to do so.[3] In fact, *after* entry of the liability judgment, it was revealed that Niro had indeed not made full disclosure, withholding for example, Niro documents critical to a Flakt laches defense.

Joy's approach to the matter of discovery is in any event backwards. The district court in this action undertook an analysis of all factors relevant under Rule 19, of which the availability of discovery is one. *See, e.g., Parkson Corp. v. Fruit of the Loom Inc.*, 28 U.S.P.Q.2d (BNA) 1066, 1070 (E.D. Ark. 1992); *Erbamont Inc. v. Cetus Corp.*, 720 F. Supp. 387, 395 (D. Del. 1989). The court concluded that "an adequate and binding remedy cannot be secured without the presence of Niro" (A17-19), a finding which, under Rule 19(b), dictated that the court

---

3. Joy invites error by referring to the District Court's Order of December 10, 1993 with respect to Niro's alleged compliance "with all of Flakt's discovery requests." (Joy Opp'n at 5.) This Order, in a damages proceeding from which appeal has not yet been had and is not yet even ripe, cannot be accorded any relevance by this Court. The Order came long after entry of the liability judgment to which this present proceeding relates, and long after the Flakt notice of appeal from that liability judgment. Under settled law, the Order cannot have effect in this liability appeal because the filing of the notice of appeal "divest[ed] the district court of its control over those aspects of the case involved in the appeal." *Griggs v. Provident Consumer Discount Co.*, 459 U.S. 56, 58 (1982).

must dismiss the action, "the absent person thus being regarded as indispensable," Fed. R. Civ. P. 19(b). The court's error in permitting the action nevertheless to proceed through the unauthorized artifice of Niro's joinder as an involuntary plaintiff cannot be retroactively justified or corrected by reference to subsequent progress of the action and the district court's sense of whether or not Flakt was quantifiably prejudiced by Niro's absence.[4]

III.

JOY'S LEGAL ARGUMENTS ARE INCORRECT.

A. The Issues Presented by Petitioner for Review Are Not "Moot."

Joy asserts that the issues presented for review by Flakt are "moot under the facts of this case" because "Joy had sufficient rights to sue by itself and it was not truly necessary to name Niro" as an involuntary plaintiff. (Joy Opp'n at 7, 13-15.)

This argument simply is not available to Joy. In its Memorandum Opinion of May 3, 1991, the district court, analyzing the applicable agreements in extensive detail, conclusively determined that Joy's rights under the Niro U.S. patent on which it brought suit were *not* sufficient to confer upon Joy standing to sue in its own name. (A15-17.) Joy took no

---

4. For this very reason, it was not necessary for Flakt to seek continuance of the trial "or other such relief" (Joy Opp'n at 6), for Niro's refusal to provide discovery as a full party and its refusal to respond to motions to compel, in order to preserve Flakt's right to appeal the court's fundamental error in permitting the action to go forward in the first place. Once the district court permitted the action to proceed as it did—that is, in the absence of a person who (a) was the patent owner in whose hands uniquely resided the information most crucial to Flakt's defenses, (b) was sharing the costs of the action, (c) was sharing in the proceeds, (d) was obligated to give Joy, but not Flakt, full cooperation and assistance, (e) had veto power over settlement, and (f) nevertheless took every step possible to avoid being named as a full participating party—the prejudice was foregone and could not be undone.

appeal from that ruling. Joy cannot now argue that the district court's determination was in error in an attempt to avoid the issues presented to this Court for review.[5]

Equally foreclosed from argument is Joy's suggestion that even if joinder of Niro as an involuntary plaintiff was impermissible as Flakt urges, the district court nevertheless would have permitted the action to go forward in Niro's absence as authorized by Federal Rule of Civil Procedure 19(b). (Joy Opp'n at 9 & n.8.) Apart from the fact that this amounts to sheer speculation, Joy ignores that the district court applied all the factors of Rule 19(a) and (b) and conclusively determined that "an adequate and binding remedy cannot be secured without the presence of Niro." (A17-19.) Joy took no appeal from that ruling. Thus, but for its utilization of the "involuntary plaintiff" artifice, the district court in fact had made the very finding which, under Rule 19(b), dictated that the action could *not* proceed in the absence of Niro and "should be dismissed, the absent person being thus regarded as indispensable."

B. Joy's Failure to Come To Grips with the Plain Meaning of Rule 19(a), Fed. R. Civ. P., Is Indicative of the Confusion in the Application of the Rule.

Joy asserts that the language of Rule 19(a) does not support

---

5. Indeed, given the district court's conclusion that Joy did not have standing to bring the action, the court should have dismissed the action without considering Rule 19 at all. *See, e.g., Coast v. Hunt Oil Co.*, 195 F.2d 870, 872 (5th Cir.), *cert. denied*, 344 U.S. 836 (1952) (Involuntary plaintiff procedure does not entitle plaintiff to joinder of a person where the plaintiff himself has no standing, joint or otherwise, to maintain the action; Rule 19 "makes no provision for a plaintiff to require another person to maintain an action vested solely in such other person, even though its maintenance might result in benefit to the plaintiff."); *Raber v. Pittway Corp.*, 23 U.S.P.Q.2d (BNA) 1313, 1315 (N.D. Cal. 1992), *aff'd*, 996 F.2d 318 (Fed. Cir. 1993) ("Because RABER lacks standing, this court need not reach the issue of whether joinder of [the patent owner] as a necessary and indispensable party is mandated under Rule 19, FRCP.").

Flakt's position. (Joy Opp'n at 10.) In order to make such an assertion, Joy itself would have to ignore the *plain* language of the Rule.

Focusing solely on the language of the third sentence of Rule 19(a) and attempting to construe it *per se*, as Joy does, offers no possibility for arriving at the plain meaning of the whole Rule. The third sentence cannot be read without consideration of the introductory phrase of Rule 19(a),[6] that is, "A person *who is subject to service of process* . . . shall be joined if . . . ." (emphasis added.) All other references to the "person" in Rule 19(a), including reference in the third sentence to "the person" being made an "involuntary plaintiff," must be read and understood in light of the introductory predicate.

Joy's further postulate of "different categories" of persons "who should be plaintiffs" (Joy Opp'n at 10) is hopelessly tortured and illogical. Rule 19(a) means what it says. When a person who is subject to service of process is to be joined in the action as a necessary party, under Rule 19(a) analysis, there will be instances where it is apparent that the person should join voluntarily as a plaintiff, but simply refuses to do so. Rule 19 permits the named plaintiff in the action to serve the unwilling person with process (that is, literally sue the person) thus making the person "a defendant." In a "proper" case, such as here where the person so joined is the patent owner, the court can determine that the owner's interests are in no manner adverse to those of the licensee who instituted the infringement action, and thus align him with the plaintiff in the action (the owner quite accurately being referred to as an "involuntary" plaintiff). In other cases, for example, where the patent owner has itself in some manner aided the accused infringer's conduct, it will be perfectly proper to leave the owner as a defendant in the action, similar to any other defendant.

---

6. *Schlagenhauf v. Holder*, 379 U.S. 104, 121 (1964) (stating that none of the Federal Rules of Civil Procedure should be expanded by disregarding plainly expressed limitations).

The "proper case" language of the third sentence of Rule 19(a), accordingly is not, as Joy asserts, an incorporation in the Rule of authority for joinder of persons who are not subject to service of process, for such language is subject to the overriding, and contrary, predicate phrase of the Rule. So too, the "proper case" language manifestly does not, and cannot, serve to circumvent the protections built into Rule 19 (requiring that a necessary party be subject to service of process, or if not, determining whether to dismiss the case or proceed in the party's absence) by relying on a district court's attempt to bind a party that it does not have jurisdiction over.[7]

C. The Authorities Relied Upon by Joy Are Not Apropos.

Contrary to Joy's assertion, the questions presented by Flakt are not "squarely at odds with all four circuits that have spoken on the point," (Joy Opp'n at 8). *None* of the circuit courts referred to by Joy was confronted with, let alone decided, the issue of whether Rule 19(a), as amended in 1966, permits a court to join in the action an involuntary plaintiff, over whom the court has no jurisdiction, so as to save the action from a dismissal under Rule 19(b).

Joy's attempted critique of Judge Wright's decision in *Catanzaro v. International Telephone & Telegraph Corp.*, 378 F. Supp. 203 (D. Del. 1974), which Joy says was expressly "not followed" eight years later in the very district of decision, fails on two counts. First, the characterization of *Catanzaro* in the 1980 case of *Rose Hall, Ltd. v. Chase Manhattan Overseas Banking Corp.*, 494 F. Supp. 1139, 1150 n.14 (D. Del. 1980) as "stand[ing] alone in holding that only if one is subject to personal jurisdiction can he be made an involuntary plaintiff" was dictum

---

7. Fed. R. Civ. P. 82; *Contracting Div., A.C. Horn Corp. v. New York Life Ins. Co.*, 113 F.2d 864, 865 (2d Cir. 1940) ("the [Federal Rules of Civil Procedure] shall not be construed to extend the jurisdiction of the district courts").

and incorrect.[8] Second, nine years later, the very same district court, which decided both *Catanzaro* and *Rose Hall*, expressly *followed* the reasoning and holding of *Catanzaro*. *Erbamont, Inc. v. Cetus Corp.*, 720 F. Supp. 387, 394 (D. Del. 1989).

Joy's brief discussion of *Erbamont* reveals the fundamental error in Joy's analysis of Rule 19, the very same analytical error engaged in by the district court here and affirmed by the Federal Circuit. Rule 19 contemplates that a court can, under Rule 19(a), identify a person who should be joined in the action, yet find that the person's joinder is, however, not "feasible" because the person is not subject to service of process. The court then only has two options available under Rule 19(b), it may either continue in the person's absence if, based upon analysis of the factors described in Rule 19(b) and whatever protective measures may be necessary, it determines that "in equity and good conscience the action should proceed," or it must dismiss the action, "the absent person being thus regarded as indispensable." What *cannot* be done, however, is to determine that a party over whom a court lacks jurisdiction is necessary under Rule 19(a), and indispensable under Rule 19(b), and then go back to Rule 19(a) to join the party as an involuntary plaintiff, disregarding the fact that Rule 19(a) does not apply to this party because it is not subject to service of process. This type of analysis has the effect of nullifying the Rule 19(b) analysis, and ignoring the plain language of Rule 19(a), altogether.

The reality is that other than the district court and the Federal Circuit decisions in this action, those courts that have been directly confronted with the issue, and which engaged in

---

8. At least four other courts had at the time of *Rose Hall* reached the same, or similar, conclusion as Judge Wright in *Catanzaro*. *See, e.g., Tycom Corp. v. Redactron Corp.*, 380 F. Supp. 1183 (D. Del. 1974); *Duplan Corp. v. Deering Milliken Research Corp.*, 522 F.2d 809, 814-15 & n.8 (4th Cir. 1975); *Contracting Div., A.C. Horn Corp. v. New York Life Ins. Co.*, 113 F.2d 864, 865 (2d Cir. 1940); *Messerschmitt-Boelkow-Blohm GmbH v. Hughes Aircraft Co.*, 483 F. Supp. 49 (S.D.N.Y. 1979).

studied analysis of it and contemporary notions of due process, have determined that the plain language of Rule 19(a) precludes the joinder of an involuntary plaintiff that took place here. The Federal Circuit decision in this action, its first holding on the issue,[9] and more particularly a matter which arises near-exclusively in the field of patent law, incorrectly reached a contrary result.

CONCLUSION

For the reasons given herein and in the Petition for Certiorari, it is respectfully submitted that the questions presented by Flakt are of significant importance and require a clear and authoritative decision of this Court.

Respectfully submitted,

RONALD L. ST. ONGE
Counsel of Record
986 Bedford Street
Stamford, Connecticut 06905
(203) 324-6155

---

9. It is folly for Joy to assert (Joy Opp'n at 8) that the Federal Circuit opinion in *Abbott Laboratories v. Diamedix Corp.*, 47 F.3d 1128, 1133 (Fed. Cir. 1995) in any manner constitutes authority contrary to Flakt's position. The statement in *Abbott Laboratories* regarding Rule 19 and involuntary plaintiffs was purely dictum. In that case, the panel was not presented with a situation in which the patent owner could not be joined and was resisting joinder; quite the contrary, the appeal related to the patent owner's desire to *join* the action. *Id.* at 1129, 1133.